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GOVERNMENT'S ROLE IN PRICING FLUID MILK IN THE UNITED STATES

Economics, Statistics, and Cooperatives Service

U.S. Department of Agriculture

Agricultural Economic Report No. 397

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ABSTRACT

The Federal marketing order system regulated 80 percent of the Nation's fluid-grade milk marketings in 1976. This compares with just over 50 percent in 1956. During 1976, 122,770 producers delivered 74.6 billion pounds of milk to Federal order handlers—about 65 percent of all milk sold to plants and dealers. The farm value of this milk was $7.4 billion. Thirty-seven States administer milk distribution in one or more of the following ways: establishing minimum prices at the farm, wholesale, or retail level; regulating trade practices; and permitting milk promotional programs, financed through producer or handlers assessment or appropriation.

KEYWORDS: Government programs, Federal market orders, State Government, marketing practices, market orders, milk marketing.

On January 1, 1978, three USDA agencies—the Economic Research Service, the Statistical Reporting Service, and the Farmer Cooperative Service—merged into a new organization, the Economics, Statistics, and Cooperatives Service.

WASHINGTON, D.C. 20250 MARCH 1978

PREFACE

This publication supersedes Agricultural Economic Report No. 229, *Government's Role in Pricing Fluid Milk in the United States* (issued July 1972), and is the eighth in a series that started in 1950. These reports have been made cooperatively by the Commodity Economics Division, Economics, Statistics, and Cooperatives Service (ESCS), and the Dairy Division, Agricultural Marketing Service (AMS), or their predecessors, in the U.S. Department of Agriculture.

The sections on State controls are based on a survey of State departments of agriculture and State milk control agencies, and a review of State milk control laws.

The section on Federal milk marketing orders was prepared by the Dairy Division, AMS, which administers the orders.

In general, this report is a resume of regulation in 1976. However, important changes through 1976 and early 1977 have been noted, as reported by trade sources or the States. Significant legislation or litigation that took place since 1971 affecting State controls is also reported.

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SUMMARY

More than 95 percent of all fluid-grade milk is priced under State control laws or Federal marketing orders. Government's role in milk pricing began in the early 1930's when many States passed laws to stabilize milk markets, and thus raise and stabilize farm prices. With the passage of the Agricultural Adjustment Act of 1933, the Federal Government entered milk pricing. Under more specific authority provided by the Agricultural Marketing Agreement Act of 1937, as amended, Federal regulation has, by request of producers, continued to increase ever since.

A 1971 amendment to the 1937 act authorized promotional and educational programs for milk when approved and paid for by the producers. A number of States have separate legislation authorizing milk promotion programs. Four States—New Hampshire, Texas, West Virginia, and Wisconsin—support such programs with appropriated funds, but most States finance promotion programs by producer or handler assessment.

Federal orders establish only the minimum class prices that dealers pay to producers. However, many States also regulate wholesale and retail prices. In 1976, 17 States and Puerto Rico were establishing producer prices; 15 States were authorized to set wholesale prices; and 14 were authorized to set retail prices. Trade practice laws were in effect in 28 States and Puerto Rico. Eleven States without authority to set prices had laws prohibiting the sale of milk below cost.

Milk price control methods, extent of trade practice regulation, milk promotional activities, litigation, and legislation in effect since 1971 which affect distribution are described for the States that have these activities and items.

GOVERNMENT'S ROLE IN PRICING FLUID MILK IN THE UNITED STATES

C. N. Shaw and S. G. Levine

INTRODUCTION

As the modern U.S. fluid milk industry evolved, dairying separated into farm, processing, and sales sectors. With this separation, inequities in bargaining power developed between farmers and processors, between processing plants and stores or customers, and between stores and consumers. These problems worsened in the early 1930's, and a solution was sought in some areas by initiating governmental controls on fluid milk pricing. This report presents the current status of State and Federal controls on milk.

Market Characteristics

Both milk production and demand vary daily and seasonally, with production peaking in the spring and demand highest in the fall. The production rate cannot be adjusted, and fluid supplies cannot be stored to achieve a balance with demand because milk is perishable. The producer is under strong economic pressure to promptly and regularly deliver his milk to market, regardless of price. This makes dairy farmers especially vulnerable to seasonal changes in milk prices and net income. Thus, they have supported programs that help them overcome an intrinsic lack of bargaining power.

Enactment in the 1920's of more rigid State sanitary regulations for fluid milk contributed to the problems faced by dairy farmers. After these sanitary regulations were imposed, dairy producers wanted assurance of a year-round market for their milk.

To cope with the complex problems of milk marketing and to strengthen their bargaining position, producers expanded their cooperative organizations. They also developed the techniques of classified pricing and pooling producer returns. In classified pricing, milk for fluid use is priced at one level, and milk used for manufactured products is priced at a lower level.

Institutional and Economic Changes

Dynamic changes in the production and marketing of milk create increased demand by producers and others in the dairy industry for government participation in milk pricing. The changes that affect marketing are both institutional and economic.

The number of distributing firms handling fluid milk has decreased sharply since the 1930's, and the size of the remaining firms has increased. Producer cooperative marketing associations have also grown larger.

Many economic changes in milk marketing begin as technological developments. Examples are more efficient production and handling of milk on farms. Perhaps even more important are improved facilities for handling and trucking milk from farms to processing plants and finally to consumers. Such developments have broadened individual market areas, and have increased competition from different points of production and consumption. Much milk moving to fluid markets now flows across State lines. Since a State cannot regulate producer prices for milk

Table 1—Number of States controlling producer and resale prices for milk, 1933-76[1]

Year	Number of States controlling—		Year	Number of States controlling—	
	Resale prices	Producer prices		Resale prices	Producer prices
1933	7	9	1955	12	16
1934	13	16	1956	11	16
1935	21	18	1957	11	16
1936	16	20	1958	12	16
1937	18	21	1959	14	15
1938	16	20	1960	13	16
1939	17	20	1961	14	19
1940	17	20	1962	13	19
1941	15	19	1963	14	20
1942	14	16	1964	15	20
1943	14	16	1965	14	21
1944	14	16	1966	15	21
1945	14	16	1967	15	21
1946	14	16	1968	15	19
1947	14	16	1969	15	19
1948	13	16	1970	15	18
1949	12	16	1971	14	18
1950	12	16	1972	14	18
1951	12	16	1973	14	18
1952	12	16	1974	14	18
1953	13	16	1975	14	18
1954	13	17	1976	13	17

[1] Excludes Puerto Rico, which has had producer and resale price control since 1957.

which comes from outside its borders, the growth of interstate milk shipments has increased demand for Federal marketing orders. While orders are established and maintained for specific marketing areas, the increased mobility of milk shipments requires increased attention to regional and national conditions in developing the provisions of an order.

Development of Government Participation

Government participation in pricing fluid milk was widely inaugurated in the early 1930's to aid producers whose prices sharply decreased during the depression. A number of States enacted legislation to stabilize milk markets in an attempt to raise milk prices (table 1). Some have ceased regulation; other States have since enacted controls. The Federal Government entered fluid milk pricing with the passage of the Agricultural Adjustment Act of 1933.

Since the initiation of State laws and Federal milk orders in the 1930's, their combined scope has expanded immensely. At present, more than 95 percent of the milk meeting sanitary standards for fluid use is priced under one or both of them.

FEDERAL MILK MARKETING ORDERS

The Agricultural Adjustment Act of 1935 expanded and made more explicit the authority of the U.S. Department of Agriculture (USDA) to fix minimum prices for milk. Current Federal orders, however, are based on the Agricultural Marketing Agreement Act of 1937, as amended.

This act reenacted the 1935 legislation, which spelled out in detail the general authority granted by the 1933 legislation.[1]

Characteristics and Scope

A Federal milk marketing order is a legal instrument issued to regulate the terms under which milk dealers (called handlers) selling milk within a specified geographic area purchase milk from farmers (producers). Federal orders require that handlers pay producers specified minimum prices which vary according to the use of the milk. They do not fix wholesale and retail prices for fluid milk, nor establish sanitary regulations covering fluid-grade (grade A) milk. Wholesale and retail prices for fluid milk, unless set specifically by State authority, are established by handler competition. Sanitary regulations are established and administered by State and local health authorities.

The system of Federal milk orders expanded steadily for nearly 30 years to a peak of 83 orders in 1962. During the next 14 years, the marketing area under regulation continued to grow. But the addition of 10 new orders, consolidation of 32 orders with other orders, and the termination of five orders, reduced the number of orders to 56 at the end of 1975. Further consolidation in 1976 reduced the number of orders to 50 (table 2).

In 1956, the Federal order system regulated more than half the Nation's fluid-grade milk marketings, and about 33 percent of all milk (fluid-grade and manufacturing-grade milk) marketed.[2] In 1976, milk regulated under Federal orders was about 80 percent of fluid marketings, and 65 percent of all milk marketed. Figure 2 shows the scope of Federal orders (see center pages).

[1] The 1935 legislation was reenacted after Supreme Court decisions cast doubt on the validity of that legislation.

[2] Fluid-grade milk is commonly known as grade A, and is approved by designated health authorities for bottled milk products. Manufacturing-grade milk is often referred to as grade B, which may only be used to produce manufactured dairy products because it does not meet the higher sanitary standards for fluid milk products. Additional categories based on the final use of milk include classes I, II, and III.

Administration of Federal Milk Orders

The Federal milk order program is administered by USDA's Agricultural Marketing Service (AMS). When a Federal milk order is issued, the Secretary of Agriculture appoints a market administrator to administer the terms of the order. The market administrator establishes an office and employs a staff to assist him in: (1) calculating minimum prices in accordance with the order provisions; (2) collecting reports from handlers on quantities of milk received, and the amount used in each product; (3) verifying handlers' reports and the size of payments made to producers; and (4) publishing market information which benefits handlers, producers, and others interested in the market.

The market administrator's expenses for administering the order are paid by handlers who are assessed a specified rate for milk handled. This rate varies among markets. In addition, most market administrators verify weights, perform butterfat tests, and provide marketing information to producers who are not members of cooperative associations. Nonmember producers are assessed for these services. Cooperative associations perform these services for their members.

Other features of the Federal milk order program are the hearing procedure, which provides an opportunity for all parties to be heard; the existence of a professional staff to appraise industry proposals and develop pricing and regulatory provisions; price decisions made in the public interest by a public agency; enforcement of marketing rules in accordance with order provisions; and development of statistical information concerning market supplies, demand, price, and movement of milk.

Procedure for Developing a Federal Order

The sequence of steps in instituting a milk marketing order is as follows:

1. Action usually is initiated by a cooperative association (or group of producers) which petitions the Secretary of Agriculture for an order.

2. A preliminary investigation is then made to determine whether an order would fulfill the purposes of the 1937 act, whether an order would receive sufficient producer support, and

Table 2--Measures of growth in Federal milk order markets, 1947-76

Year	Markets 1/	Population of Federal Milk Marketing areas 2/	Handlers 1/	Producers 3/	Producer deliveries	Producer deliveries used in class I	Percentage of producer deliveries used in class I	Prices at 3.5% butterfat content 4/		Receipts as percentage of milk sold to plants and dealers		Daily deliveries per producer	Gross value of milk at blend price adjusted for butterfat content	
								Class I	Blend	Fluid grade	All milk		Per producer	All producers
	Number	Thousands	-- Number --		Million pounds		Percent	Dol. per cwt.		Percent		Pounds	Dollars	1,000 dol.
1947	29	5/	991	135,830	14,980	9,808	65.5	4.65	4.34	5/	21	302	5,024	682,407
1948	30	5/	963	136,363	15,020	9,852	65.6	5.29	4.97	5/	22	301	5,713	779,079
1949	33	5/	966	142,995	17,049	10,104	59.3	4.67	4.03	5/	23	327	5,019	717,748
1950	39	5/	1,101	156,584	18,660	11,000	58.9	4.51	3.93	41	25	326	4,914	769,442
1951	44	39,891	1,343	172,327	20,117	12,718	63.2	5.13	4.59	44	27	320	5,605	965,900
1952	49	41,185	1,352	176,752	22,998	14,672	63.8	5.37	4.85	46	30	356	6,598	1,166,246
1953	49	41,506	1,308	183,479	25,896	15,436	59.6	4.91	4.31	49	31	387	6,355	1,166,015
1954	53	43,266	1,333	186,127	27,140	16,172	59.6	4.62	4.01	49	31	399	6,098	1,135,019
1955	63	46,963	1,483	188,611	28,948	18,032	62.3	4.67	4.08	51	32	420	6,510	1,227,815
1956	68	48,575	1,486	183,830	31,380	19,615	62.5	4.90	4.24	51	33	466	7,534	1,384,955
1957	68	57,297	1,889	182,551	33,455	21,339	63.8	4.87	4.51	53	34	502	8,147	1,487,153
1958	74	60,717	1,962	186,155	36,356	23,309	64.1	4.72	4.40	56	36	535	8,500	1,582,310
1959	77	67,720	2,197	187,576	40,149	26,250	65.4	4.79	4.43	60	40	586	9,466	1,775,583
1960	80	88,818	2,259	189,816	44,812	28,758	64.2	4.88	4.47	64	43	648	10,482	1,989,615
1961	81	93,727	2,314	192,947	48,803	29,859	61.2	4.91	4.45	67	45	704	11,131	2,147,656
1962	83	97,353	2,258	186,468	51,648	31,606	61.2	4.80	4.14	70	47	761	11,854	2,210,330
1963	82	100,083	2,144	176,477	52,860	32,964	62.4	4.78	4.15	70	48	821	12,814	2,261,437
1964	77	99,333	2,010	167,503	54,447	33,965	62.4	4.87	4.23	70	48	888	14,174	2,374,137
1965	73	102,351	1,891	158,077	54,444	34,561	63.5	4.93	4.31	70	48	944	15,300	2,418,526
1966	71	98,307	1,724	145,964	53,012	34,805	65.7	5.55	4.95	70	48	994	18,526	2,630,908
1967	74	103,566	1,650	140,657	53,761	34,412	64.0	5.85	5.17	71	49	1,056	20,321	2,858,351
1968	67	117,013	1,637	141,623	56,444	36,490	64.6	6.23	5.53	74	52	1,089	22,561	3,195,087
1969	67	122,319	1,628	144,275	61,026	39,219	64.3	6.50	5.74	77	56	1,164	24,892	3,591,293
1970	62	125,721	1,588	143,411	65,104	40,063	61.5	6.74	5.95	79	59	1,244	27,636	3,963,311
1971	62	142,934	1,529	141,347	67,872	40,268	59.3	6.90	6.08	80	60	1,316	29,893	4,225,340
1972	62	142,934	1,487	136,881	68,719	40,938	59.6	7.10	6.31	78	60	1,372	32,439	4,440,288
1973	61	141,472	1,355	131,565	66,229	40,519	61.2	8.03	7.31	78	60	1,386	37,461	4,928,514
1974	61	141,546	1,312	126,805	67,778	39,293	58.0	9.35	8.36	78	61	1,464	45,736	5,753,852
1975	56	144,467	1,315	123,855	69,249	40,106	57.9	9.36	8.64	79	63	1,532	49,233	6,097,768
1976	50	149,493	1,304	122,770	74,571	40,991	55.0	10.70	9.75	80	65	1,660	60,299	7,402,949

1/ End of year. 2/ End of year; 1951-59, 1960-70, and 1971-76 according to 1950, 1960, and 1970 U.S. census, respectively. 3/ Average for year. 4/ Prices are simple averages for 1947-61 and weighted averages for 1962-76. 5/ Data not available.

whether the proponents have sufficient information and resources for USDA to schedule a hearing.

3. If it is decided to proceed, additional proposals are invited from all known interested parties. A notice of a public hearing, containing the proposed order and other proposals, is issued and published in the Federal Register. At the same time, USDA releases an announcement of the hearing. Copies of the hearing notice are mailed to governors of States concerned with the proposed order and to other interested persons.

4. At the hearing, all interested parties are given an opportunity to present information on aspects of interstate commerce in milk in the proposed marketing area, the need or desirability for an order, and specific terms of any order which might be issued.

5. Based on testimony at the hearing, a recommended decision and a recommended order are drawn up and issued.[3] These documents are published in the Federal Register.

6. A period of time, usually 15 to 20 days, is allowed for examining the proposed decision and order and for filing exceptions.

7. These exceptions are considered, and changes made as deemed necessary or desirable.

8. The final decision and final order are issued by the Secretary of Agriculture and published in the Federal Register.

9. The order becomes effective at a date specified by the Secretary, after approval by at least two-thirds of the voting producers (or, if the order provides for individual handler pools, by three-fourths of the producers) who supplied milk to the area during a representative period before issuance of the final order. The 1937 legislation provides that a milk producers' cooperative may bloc vote for or against an order.[4]

Orders usually are amended in the same manner as original orders are developed and issued. To meet emergency situations, all or part of an order may be suspended. An order must be terminated at the request of more than 50 percent of the producers supplying more than 50 percent of the milk for the market, or by the Secretary if he finds the order no longer carries out the purposes of the legislation.

In recent years, orders have been amended largely as a result of regional and national hearings, because individual milk markets are becoming increasingly affected by adjacent or distant markets. For this reason, a change in one order, particularly a change in price, affects the supply-demand balance of milk in other markets. Unless related changes are made, the supply-demand balance in the affected markets would not be maintained.

Pricing Systems Established by Federal Orders

The Agricultural Marketing Agreement Act authorizes the Secretary of Agriculture to price milk under Federal orders according to the use made of the milk. Milk for fluid use, the most valuable use, is placed in class I and generally includes whole, skim, low-fat, and flavored milks, milk drinks, and buttermilk. Milk used in manufactured products is placed in one or two lower price classes. In markets where three classes exist, the intermediate class (class II) generally includes cottage cheese, frozen desserts, and cream.

The concept of equating supply with demand for fluid milk in a marketing area is the primary standard for establishing class I (fluid use) prices. Minimum prices for class I milk are established at levels which will assure consumers of an adequate supply of pure and wholesome milk.

Milk not used for fluid purposes is priced at levels approximating the prices paid for manufacturing-grade milk at unregulated plants that manufacture dairy products, such as butter and cheese. This milk (usually class III) is priced lower than milk sold for fluid use. Class II milk is priced slightly above the price of class III milk. Farmers receive a weighted average or blend price for milk which is based on the amounts of milk used for fluid and manufacturing purposes.

Relationship of Federal Order Prices to Dairy Support Prices

In all Federal orders, the class I prices are based on a value of milk for manufacturing—the Minnesota-Wisconsin price series. Prices for

[3] Testimony may result in a recommended decision for no order.

[4] Under bloc voting, a cooperative may cast the votes for all of its members.

other than class I milk are based on manufacturing milk prices, or the prices of manufactured dairy products. When the market clearing price is at or below the announced price-support level, the price-support level for manufacturing-grade milk directly affects the Minnesota-Wisconsin manufacturing-grade milk price series and prices for manufactured dairy products. Thus, Federal order class prices, as well as blend prices to producers, respond to changes in the level of support prices when price supports are operative.

Class I Pricing

The foundation of the pricing system for Federal orders is the Minnesota-Wisconsin price. This price, which is reported monthly by USDA, is an estimate of the average price paid by unregulated handlers for manufacturing-grade milk in the two States. Changes in prices for manufacturing-grade milk are considered to be a good measure of changes in the overall supply-demand balance in the dairy economy. Thus, the Minnesota-Wisconsin price series is used as the basic price for computing or adjusting class I prices for all Federal orders.

In February 1972, all Federal orders were amended to base the class I price on the Minnesota-Wisconsin price for the second preceding month rather than the preceding month. This procedure was implemented so that the class I price could be announced during the month preceding the month in which it applies.

The differential by which the class I price exceeds the Minnesota-Wisconsin price is determined for each market on the basis of evidence presented at a public hearing. At these hearings, evidence is presented on the added cost of producing milk eligible for fluid use, transportation costs, costs of obtaining milk from alternative sources, consumption and supply in the market, prices in surrounding markets, competition for supplies and sales of fluid milk, and other economic factors. The purpose of the hearing procedure on the class I differential is to create price levels which, over time, will provide adequate but not excessive supplies of fluid milk relative to demand. In 1976, the lowest class I differential in Federal order markets was $1.12 in the Upper Midwest order. The highest was $3.15 in the Southeastern Florida order.

Reserve Milk

Most Federal orders use the Minnesota-Wisconsin manufacturing-grade price as the reserve class price. Five markets, however, base the reserve class price on the lower of the Minnesota-Wisconsin price or a dairy product formula price.[5]

Federal orders that have two reserve classes for manufactured products generally use the Minnesota-Wisconsin price as the class III price, and add a specified amount (10 cents per hundredweight in most orders) to determine the class II price.

Prices Received by Producers

Producers receive an average or blend price based on the total value of all milk deliveries. The value of the milk in each class is determined by multiplying the quantity of milk in that class by the class price. The total value of the milk in all classes is divided by the total pounds of milk delivered to obtain the blend price payable to individual farmers. The blend price may be computed separately for each handler (individual handler pool), or it may be averaged for all handlers in the market (marketwide pool). In 1976, four orders used individual handler pools; the other 46 used marketwide pools.

Producer-Settlement Fund

In a marketwide pool, all producers receive the same uniform or blend price, adjusted for butterfat content of the milk and the distance the plant receiving the milk is from the market. The uniform price reflects the average value of milk used by all handlers in the pool. Handlers who use more of their milk for class I purposes than the market average must pay into a producer settlement fund. Handlers who use less than the market average draw from this fund. The function of the producer settlement fund (authorized by the order and maintained by the market administrator) is to transfer payments

[5] The five markets are Black Hills, Inland Empire, Oregon-Washington, Puget Sound, and Western Colorado.

among handlers so that all handlers are able to pay the same uniform price to producers.

Seasonal Production Plans

The normal pattern of milk production results in a greater supply during the spring and early summer than during the remainder of the year. Consumption of fluid milk products, on the other hand, is lowest during the spring and summer months. Two plans have been used to encourage more even production of milk throughout the year.

One seasonal incentive plan employed under Federal orders is the base-excess price approach. Under this plan, each year every producer establishes a base equal to his average daily delivery of milk during the low-production season for his market. The base-forming period is specified in the order and need not be limited to 1 year. During the base-paying months, a producer is paid a higher price for the portion of his milk that does not exceed his base, and a lower price (approximately equal to the manufacturing milk price) for deliveries that exceed his base.

The other seasonal production plan is the Louisville (takeout and payback) plan. Under this system, part of the payments due producers is withheld from the blend price in the seasonally heavy production season. In each of several fall months, a proportion of the total amount withheld is repaid to producers according to the total deliveries made during the month. Table 3 shows Federal order markets which have a base-excess or Louisville plan.

Class I Base Plans

The Food and Agriculture Act of 1965, as extended and revised by the Agricultural Act of 1970, and as further extended by the Agriculture and Consumer Protection Act of 1973 and the Food and Agriculture Act of 1977, authorizes class I base plans which encourage producers to adjust their production to meet the fluid (class I) needs of the market. Deliveries by a producer in excess of his base are priced at a surplus rate. The legislation requires that a separate referendum be held on class I base plans, and prohibits bloc voting by cooperatives. The other provisions of an order are not affected if a class I base plan is disapproved by the producers. The expiration date of the current class I base plan authority is December 31, 1981. However, class I base plans issued prior to that date may continue in effect through December 31, 1984.

The present authority provides flexibility in determining bases, guarantees that new producers will be assigned bases within 90 days, and permits producers historically associated with a market to share in additional bases made available by increased sales or base forfeitures. A moving base period allows for expansion of production units, and permits new dairy farmers to earn bases over some designated time. Bases may be reduced for failure to deliver enough

Table 3—Federal milk marketing orders with seasonal plans, January 1, 1977

Louisville plan[1]	Base-excess plan
Central Illinois	Central Arkansas
Eastern Ohio-Western Pennsylvania	Fort Smith
Indiana	Memphis
Louisville-Lexington-Evansville	Middle Atlantic
New England	Nashville
New York-New Jersey	Oregon-Washington
Ohio Valley	Southern Michigan
Paducah	
St. Louis-Ozarks	
Southern Illinois	

[1] Also called "takeout and payback" plan.

base milk to ensure sufficient supplies of class I milk, and bases may be allocated without regard to market expansion to alleviate hardship cases and provide for new producers. Puget Sound (Washington) and Georgia are the only two orders containing class I base plan provisions.

Promotional, Educational, and Research Programs

A 1971 amendment to the Agricultural Marketing Agreement Act authorizes promotional, educational, and research programs on a market-by-market basis when approved by producers. These programs are financed by deductions (checkoffs) from payments on all producer milk marketed under a marketing order. The legislation requires that such funds be paid to an agency organized by milk producers and associations of producers, and that a separate referendum be held on promotion sections. Other parts of an order are not affected if promotion deductions are disapproved by producers. Adjustments or credits may be made for mandatory checkoffs authorized under a State law for advertising or marketing research. Refunds of producer deductions are made when requested by any producer. Seventeen orders contain provisions authorizing the collection of funds for promotional, educational, and research programs.

Significant Trends in Federal Order Markets

The fluid milk industry has changed dramatically since the Federal order program began. The program has had to remain flexible to achieve the basic purpose of the enabling act—orderly milk marketing in the public interest.

Marketing Area Changes

Before World War II, fluid milk markets were relatively well defined and local. Fluid milk—then, as now—was bulky and perishable. Technology in milk collection, processing, and distribution at that time generally confined a distributor's fluid sales to a single urban area. Thus, each market was sheltered from supply-demand situations in other markets. However, the marketing situation has changed considerably since then.

Milk can now move from farms or plants via large bulk tank trucks over superhighways to distant markets. For example, in 1975, Wisconsin producers delivered milk to plants regulated under 15 Federal orders in 13 States. In October 1975, milk was shipped from plants regulated under the Chicago regional order to plants regulated under 13 other Federal orders in 14 States. In addition, changes in processing and packaging technology, along with increased distribution through stores, have led to the establishment of centralized bottling and distribution plants serving several markets. Scale and other economies have more than offset the additional transportation costs for the individual operations.

Because of this ever-widening pattern of distribution, Federal order marketing areas have been expanded and former separate orders have been merged. From 1966 to 1975, 9 order areas were expanded, and 33 order areas were merged, expanded, or both into 10 areas.

Uniformity of Provisions

Expanding sales and procurement areas have increased the need for greater uniformity and coordination of provisions among orders. A major step in this direction was taken in August 1974, when 39 orders were amended to provide for identical classification provisions. The same class II and class III price levels were also implemented in the orders to accommodate multimarket operations of handlers and cooperative associations.

Number of Handlers

Handlers have expanded their operations to take advantage of improved transportation and refrigeration facilities which make large distribution areas feasible. Also, improvements in milk processing and packaging equipment make it possible for plants to handle greater volumes. The number of handlers in Federal order markets has decreased as their size has increased.

At the end of 1961, there were 2,314 handlers regulated under Federal milk orders, and producer deliveries for the year totaled 48.8

billion pounds. At the end of 1976, there were about 1,000 fewer regulated handlers than at the end of 1961, and producer deliveries in 1976 were 25.8 billion pounds higher, or over 50 percent greater, than in 1961.

Number of Producers and Deliveries Per Producer

The number of producers supplying milk under Federal milk orders has decreased since 1961. However, the volume of milk delivered has continued to increase, as increases in deliveries per producer have more than offset decreases in the number of producers. Between 1961 and 1976, the number of producers declined by 36 percent from 193,000 to 123,000. During the same period, daily deliveries per producer increased from 704 pounds in 1961 to 1,660 pounds in 1976, or over 135 percent (table 2). Information by Federal order for 1976 is shown in table 4.

Milk Values and Prices

Over the years, gross values of producer deliveries to regulated handlers under Federal milk orders have generally increased. This is due to increases in producer deliveries and in minimum average or blend prices established under Federal milk orders. Between 1961 and 1976, the gross value of producer deliveries more than tripled from $2.1 billion to $7.4 billion. During the same period, the blend price more than doubled from $4.45 per hundredweight to $9.75 per hundredweight (table 2).

STATE MILK CONTROL PROGRAMS

Objectives of State Milk Control

States' milk control programs were initiated at about the same time and under the same conditions as Federal control programs. Therefore, it is not surprising that the policy Congress established for Federal milk marketing orders is echoed in the objectives of State milk control acts.[6]

The objectives of milk control legislation are laid down in various ways in individual State laws. A major objective of this legislation in practically all States is to ensure an adequate supply of wholesale milk at prices that are fair and reasonable to both farmers and consumers, although the former is mentioned more frequently than the latter. It is apparent that the laws in force have been based on the States' responsibilities to provide for the public interest, and several explicitly state this as an objective.

Stabilization or orderly marketing is specified as an objective in about one-third of the laws, and regulation of trade practices is cited in nearly half. Benefit to farmers—through establishing fair prices and fostering intelligently directed production—is a third major aim of State control legislation.

Major Characteristics of State Versus Federal Milk Control

Some major differences exist between Federal and State milk marketing orders.

Scope of Control

Each State's authority to control price is State legislation; this authority applies only within the State. Federal orders can regulate milk prices only in markets where milk moves in interstate commerce.

Levels of Price Control

As noted earlier, Federal orders establish only minimum class prices that dealers must pay producers. Many States also concern themselves with resale prices (figure 1 and tables 5 and 6). In 1976, 17 States and Puerto Rico were establishing producer prices, 15 States were authorized to set wholesale prices, and 14 States were authorized to set retail prices. The wid-

[6] Sec. 2, Declaration of Policy. Agricultural Marketing Agreement Act of 1937, as amended.

Table 4--Major characteristics of Federal milk order markets, 1976

Marketing area	Producers delivering milk 1/	Daily deliveries per producer 1/	Handlers at end of year	Population 2/
	Number	Pounds	Number	Thousands
New England:				
New England	8,272	1,649	102	10,347
Middle Atlantic:				
New York-New Jersey	19,328	1,341	118	20,703
Middle Atlantic	8,103	1,813	70	13,244
South Atlantic:				
Tampa Bay	118	11,692	11	2,290
Southeastern Florida	131	18,311	13	3,008
Upper Florida	182	10,580	13	2,660
Georgia	1,272	3,227	35	4,706
East North Central:				
Southern Michigan	7,055	1,560	44	8,179
Eastern Ohio-Western Pennsylvania	7,675	1,241	70	8,408
Ohio Valley	6,333	1,299	64	7,485
Michigan Upper Peninsula	225	1,119	11	354
Chicago Regional	17,388	1,536	161	11,510
Louisville-Lexington-Evansville	2,372	1,392	17	2,503
Indiana	4,011	1,472	34	4,496
Southern Illinois	2,093	1,468	14	1,995
Central Illinois	493	1,402	9	929
West North Central:				
Upper Midwest	10,738	1,377	60	4,852
Eastern South Dakota	479	1,695	6	409
Black Hills	102	2,156	3	115
North Central Iowa	240	1,603	3	534
Cedar Rapids-Iowa City	394	1,444	6	162
Quad Cities-Dubuque	786	1,475	9	601
Des Moines	1,380	1,424	17	707
Nebraska-Western Iowa	1,737	1,834	30	1,909
St. Louis-Ozarks	2,839	1,639	17	2,726
Greater Kansas	1,878	1,610	23	2,236
Neosho Valley	34	1,690	4	336
Wichita	518	2,076	12	841

See footnotes at end of table

Continued--

Table 4--Major characteristics of Federal milk order markets, 1976--Continued

Marketing area	Producers delivering milk 1/	Daily deliveries per producer 1/	Handlers at end of year	Population 2/
	Number	Pounds	Number	Thousands
East South Central:				
Paducah	222	1,607	4	366
Nashville	904	1,785	11	1,433
Memphis	494	2,195	7	1,116
Tennessee Valley	1,794	1,677	9	2,428
West South Central:				
Central Arkansas-Fort Smith 3/	682	1,990	10	1,063
Oklahoma Metropolitan	1,490	1,889	17	1,332
Red River Valley	278	1,950	5	588
Texas Panhandle	181	2,809	3	334
Lubbock-Plainview	113	4,462	3	367
Greater Louisiana	650	2,386	24	2,370
New Orleans-Mississippi	1,450	1,811	37	3,410
Texas	3,484	2,718	62	10,392
Mountain:				
Eastern Colorado	1,026	2,196	20	2,212
Great Basin	771	2,582	14	1,346
Western Colorado	52	3,112	6	117
Central Arizona	159	15,042	9	1,916
Rio Grande Valley	191	8,502	15	1,577
Lake Mead	41	8,874	5	318
Pacific:				
Puget Sound	1,275	3,375	16	2,204
Inland Empire	320	2,160	8	499
Oregon-Washington	1,017	3,515	40	2,722

1/ Simple average for the year.
2/ Based on update of 1970 census.
3/ Data for Central Arkansas and Fort Smith markets have been combined in order to mask restricted data.

STATES REGULATING FLUID MILK PRICES

January 1, 1977

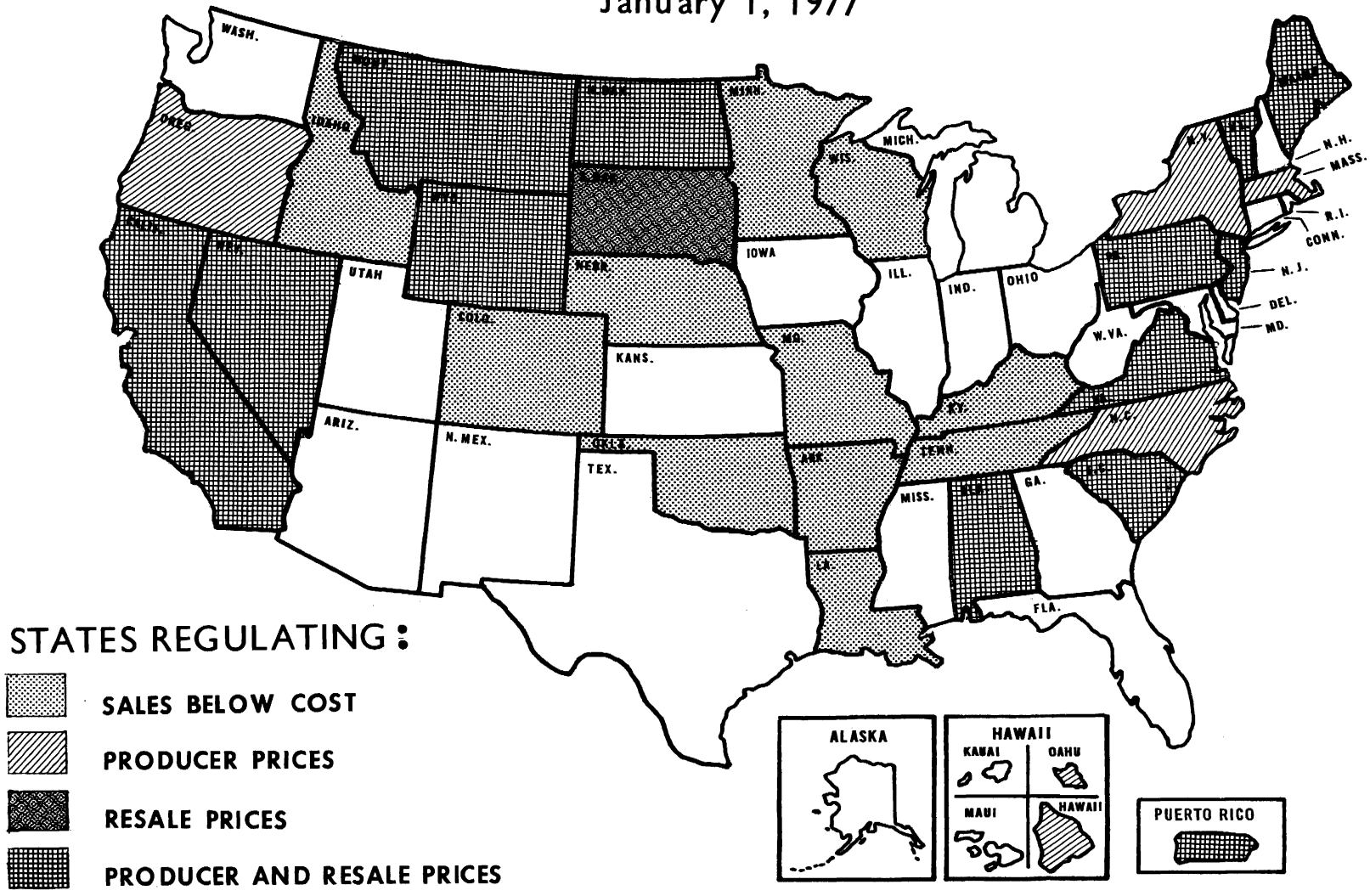


Figure 1

Table 5--States regulating milk prices and trade practices and authorizing milk promotion, 1976

State	Minimum prices established at--			Trade practice regulations	Milk promotion
	Producer level	Wholesale level	Retail level		
Alabama	x	1/ x	1/ x	x	-
Arkansas	-	-	-	x	-
California	x	2/ x	3/ x	x	x
Colorado	-	-	-	x	x
Connecticut	-	-	-	x	x
Georgia	-	-	-	-	x
Hawaii	x	-	-	-	x
Idaho	-	-	-	x	x
Iowa	-	-	-	x	-
Kansas	-	-	-	x	-
Kentucky	-	-	-	x	-
Louisiana	4/ -	-	-	x	x
Maine	x	x	x	x	x
Massachusetts	x	5/ -	5/ -	x	-
Minnesota	-	-	-	x	x
Missouri	-	-	-	x	-
Montana	x	x	x	x	-
Nevada	x	5/ -	x	x	-
New Hampshire	-	-	-	-	x
New Jersey	x	5/ -	x	x	5/ -
New York	x	-	-	x	x
North Carolina	x	5/6/ -	5/6/ -	x	x
North Dakota	x	6/ x	6/ x	x	x
Oklahoma	-	-	-	x	-
Oregon	x	-	-	-	x
Pennsylvania	x	x	x	-	5/ -
South Carolina	x	x	5/ -	x	-
South Dakota	-	x	x	x	x
Texas	-	-	-	-	x
Tennessee	-	-	-	x	-
Utah	-	-	-	-	x
Vermont	x	x	x	x	x
Virginia	x	1/ x	1/7/ -	x	-
Washington	-	-	-	-	x
West Virginia	-	-	-	-	x
Wisconsin	-	-	-	x	x
Wyoming	x	x	-	x	-
Puerto Rico	x	1/ -	1/ -	x	x

x = yes, - = no.

1/ Establishes maximum prices.
2/ Suspended in all major marketing areas.
3/ Suspended in one zone of one marketing area.
4/ Suspended.
5/ Authorized but not used.
6/ Maximum pricing authorized.
7/ Authorized only in the event of price disruption.

Table 6--Resale pricing practices of State milk control agencies, 1976

State	Set minimum resale prices		Maximum allowable wholesale discount	Price differentials		
	Wholesale	Retail		Home delivery over store	Paper and plastic over glass	Quantity discounts on home delivery
			Percent			
Alabama	1/ x	1/ x	11	x	-	-
California	2/ x	3/ x	25	x	-	x
Maine	x	x	0	-	-	-
Massachusetts	4/ -	4/ -	--	-	-	-
Montana	x	x	0	-	-	-
Nevada	4/ -	x	0	x	5/ -	-
New Jersey	4/ -	x	6/ --	-	-	-
North Carolina	4/ 7/ -	4/ 7/ -	--	-	-	-
North Dakota	7/ x	7/ x	14	-	-	-
Pennsylvania	x	x	25	x	x	x
South Carolina	x	4/ -	14	-	-	-
South Dakota	x	x	8	x	-	-
Vermont	x	x	0	x	-	x
Virginia	1/ x	1/ 8/ -	9/ 13	-	-	-
Wyoming	x	-	0	-	-	-
Puerto Rico	1/ -	1/ -	0	x	x	-

x = yes, - = no, -- = not applicable.

1/ State sets maximum prices.
2/ Wholesale pricing is suspended in all major marketing areas.
3/ Retail pricing is suspended in one zone of one marketing area.
4/ Pricing authority is not used.
5/ Price differential for plastic over paper.
6/ Discount may not result in the price being below cost.
7/ State has authority to set maximum prices.
8/ State has the authority to set minimum retail prices only in the event of price disruption.
9/ Dock--21 percent.

ening of marketing areas, as well as the price-cutting activities and nonprice competition associated with such extensions, has led a number of other States to enact laws regulating trade practices and sales below cost for fluid milk sales (tables 5 and 7). In 1976, trade practice laws existed in 28 States and Puerto Rico. Eleven States without authority to set prices had laws prohibiting sales of milk below cost. All but three States that set resale prices also prohibited sales below cost.

Many problems that State milk control agencies face in setting producer prices are similar to those of the agency administering Federal milk marketing orders. In some cases, both attack problems in a similar fashion. These approaches to pricing were explained under *Federal Milk Marketing Orders*.

For example, both State and Federal orders use plans for setting prices according to class. While Federal orders base class I prices on the Minnesota-Wisconsin price, most State orders specify a class I price (table 8). Only seven States use an economic formula to determine class I prices.

Many Federal and State milk orders (but not all) employ seasonal pricing plans to encourage more even supplies throughout the year (tables 3 and 8). Both systems use the base-excess price approach in some markets, and the Louisville (takeout and payback) plan in others. Two States vary prices seasonally to induce a more consistent level of production.

Class I base plans are in effect in two Federal markets—Georgia and Puget Sound—and 10 States (table 8).

Licensing, Registration, and Investigation

State milk control agencies have somewhat different authority than that authorized for Federal milk marketing orders. All State control agencies have authority to require licensing of distributors and to require licenses for specific marketing areas. In markets with joint Federal-State orders, such as in New York and New Jersey, the licensing power of the State strengthens enforcement. Three States—California, Hawaii, and Montana—require registration of producers.

Like Federal milk market administrators, State control agencies have the power to investigate, inspect, audit, and require reports from handlers. In most States, control agencies do not verify producers' milkfat tests; however, they either require permits or licenses for milk testing or inspect or certify the testing equipment, or both.

Milk Promotion

Only since 1971 have Federal orders been authorized to permit producer deductions for promotion programs for milk. Many States have long recognized a public need for encouraging dairy sales.

Early State programs for promoting dairy product sales were generally limited to the educational type of program carried out by the National Dairy Council. The increase in the type of promotion and advertising sponsored by the American Dairy Association in the past decade, and increased attention to new product development during the early 1970's, shifted emphasis in State promotion programs. Declining milk sales aroused the dairy industry to the need to maintain its market. Farmer organizations saw a need for farmers to support dairy sales in their own interest. To widen producer contributions to promotional programs, the industry has pushed for State legislation authorizing checkoffs from producer returns for milk. Several States, including Wisconsin, have turned down advertising checkoffs.

In 1976, 23 States and Puerto Rico had authority to establish milk promotion plans—12 States and Puerto Rico with milk control laws and 11 States without them (table 5). In 17 of these 23 States, promotion was financed by producer or handler assessment, or both. New Hampshire, Texas, West Virginia, and Wisconsin supported promotion programs with appropriated funds, while promotion authority was not being used in New Jersey and Pennsylvania.

Table 7--Trade practice provisions of State agencies, 1976

State	Prohibits: Sales below cost: Wholesale	Prohibits: Sales below cost: Retail	Prohibits: Price discrimination: Wholesale	Prohibits: Price discrimination: Retail	Prohibits: Discounts: Wholesale	Prohibits: Discounts: Retail	Prohibits: Rebates: Wholesale	Prohibits: Rebates: Retail	Requires price filing: Wholesale	Requires price filing: Retail	Sales below cost: Decided by a percentage markup	Sales below cost: Allowed for-- 1/: A	Sales below cost: Allowed for-- 1/: B	Sales below cost: Allowed for-- 1/: C	Sales below cost: Allowed for-- 1/: D	Sales below cost: Allowed for-- 1/: E
Alabama	-	-	x	x	x	x	x	-	-	-	-	-	-	-	-	-
Arkansas	x	x	-	-	-	-	-	-	-	-	x	x	x	-	-	x
California	x	x	x	x	2/ x	2/ x	2/ x	2/ x	x	3/ x	-	x	-	-	-	-
Colorado	x	x	4/ x	4/ x	5/ x	5/ x	5/ x	5/ x	x	3/ x	-	x	-	-	-	-
Connecticut 6/	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Idaho	x	x	x	x	2/ x	2/ x	2/ x	2/ x	-	-	x	-	-	-	-	-
Iowa	-	-	x	x	-	-	-	-	x	x	-	-	-	-	-	-
Kansas 6/	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Kentucky	x	x	x	x	2/ x	2/ x	2/ x	2/ x	x	7/ x	-	x	-	x	x	-
Louisiana	x	x	x	x	2/ x	2/ x	x	x	-	-	x	x	-	x	-	x
Maine	x	x	x	x	x	x	x	x	-	-	-	-	-	-	-	-
Massachusetts	x	x	x	x	-	-	-	-	-	-	x	x	x	-	-	x
Minnesota	x	x	x	x	x	-	x	-	-	-	-	x	-	-	-	-
Missouri	x	x	2/ x	-	2/ x	-	8/ x	8/ x	-	-	x	x	-	x	x	x
Montana	x	x	x	x	2/ x	2/ x	2/ x	2/ x	-	-	-	-	-	-	-	-
Nevada	x	x	x	x	2/ x	x	2/ x	x	x	-	x	x	-	-	-	-
New Jersey	x	x	-	-	-	-	-	-	9/ -	9/ -	-	-	-	-	-	-
New York	10/ x	10/ x	10/ x	10/ x	10/ x	10/ x	10/ x	10/ x	-	-	-	x	-	-	-	x
North Carolina	x	x	-	-	-	-	-	-	9/ -	9/ -	-	x	-	x	x	x
North Dakota	x	x	x	x	5/ x	x	2/ x	x	-	-	-	-	-	-	-	-
Oklahoma	x	-	x	-	2/ x	-	2/ x	-	x	-	-	x 11/	x	x	-	-
South Carolina	x	x	x	x	2/ x	2/ x	2/ x	2/ x	12/ x	12/ x	-	x	-	-	-	-
South Dakota	x	x	x	x	2/ x	2/ x	2/ x	2/ x	-	-	x	-	-	-	-	x
Tennessee	x	x	x	-	5/ x	-	5/ x	-	x	-	13/ x	x	x	x	x	x
Vermont	x	x	-	-	-	-	-	-	-	-	-	-	-	-	-	x
Virginia 6/	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Wisconsin	x	x	x	-	x	-	x	-	-	-	x	x 11/	x	x	x	x
Wyoming	x	-	x	-	2/ x	-	2/ x	-	-	-	-	-	-	-	-	-
Puerto Rico	x	x	x	x	2/ x	2/ x	2/ x	2/ x	-	-	x	-	-	-	-	-

x = yes, - = no

1/ A to meet competition, B for government contracts, C for liquidation, D for damaged goods, and E for other reasons.
2/ If secret or unearned.
3/ Only on home delivery.
4/ Except to schools and government agencies.
5/ Except if filed and/or approved by the State.
6/ See description.
7/ Only if retailer is also processor.
8/ Except patronage dividends by cooperatives.
9/ Authorized.
10/ If the intent is to destroy or reduce competition.
11/ Federal only.
12/ If prices are above established minimum levels, or for products which are not subject to direct price control.
13/ In the absence of lower retail costs.

Table 8--Producer pricing provisions of State milk control agencies, 1976

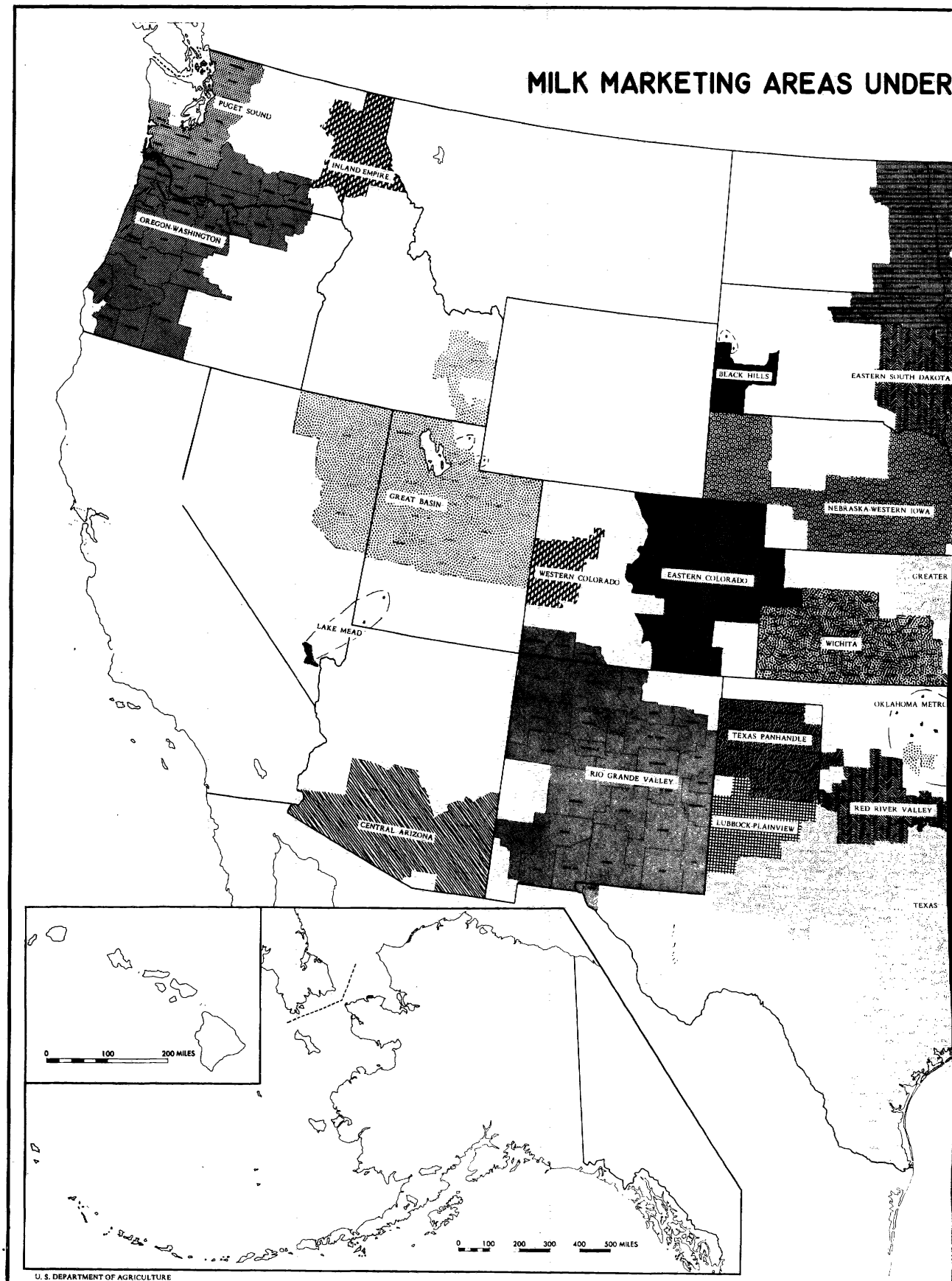
State	Fluid-grade marketings priced		Classes	Class prices same in all markets	Basis for class I pricing		Pooling Arrangement		Seasonal production plan			Class I base plan		Producer approval necessary to--	
	By State orders 1/	By Federal orders 2/			Specified	Formula	Market-wide	Individual handler	Base-excess	Takeout-payback	Variable class I prices	Authority	Operating	Issue an order	Amend an order
	--Percent--		Number												
Alabama	98	15	3	x	x	-	-	x	x	-	-	x	x	-	-
California	100	1	4	-	x	-	x	-	-	-	-	x	x	x	-
Hawaii	95	0	3	-	x	-	x	-	-	-	-	x	x	x	x
Louisiana 3/	--	--	--	-	-	-	-	-	-	-	-	-	-	-	-
Maine	100	45	3	x	x	-	-	x	-	-	x	x	x	-	-
Massachusetts	100	96	2	-	4/ x	-	-	x	-	x	-	x	x	-	-
Montana	100	6	3	x	-	x	-	x	-	-	-	x	x	-	5/ x
Nevada	100	48	3	-	x	-	-	x	-	-	-	-	-	-	-
New Jersey	100	100	2	-	-	x	x	-	x	x	-	-	-	6/ x	-
New York	80	87	2	7/ x	-	x	x	-	-	x	-	-	-	x	x
North Carolina	100	5	2	x	x	-	-	x	8/ x	-	-	x	x	-	-
North Dakota	100	66	3	-	-	x	-	x	-	-	-	-	-	-	-
Oregon	90	100	3	x	x	-	x	-	-	-	-	x	x	x	-
Pennsylvania	100	92	3	-	x	x	-	x	-	-	x	-	-	-	-
South Carolina	100	11	3	x	x	-	-	x	-	-	-	x	x	-	-
Vermont	100	93	--	x	9/ -	-	x	-	-	x	-	-	-	-	-
Virginia	92	55	2	7/ x	-	x	-	x	x	-	-	x	x	-	-
Wyoming	90	10/	3	x	-	x	-	x	x	-	-	-	-	x	x
Puerto Rico	98	0	2	x	x	-	x	-	x	-	-	-	-	-	-

x = yes, - = no, -- = not applicable.

1/ Based on States' replies.
2/ Reported in the September 1976 issue of "Federal Milk Order Market Statistics" for July 1976.
3/ Suspended.
4/ 8.2 cents per cwt. above New England Federal milk order price.
5/ Only on pooling plans.
6/ Authority not used.
7/ Only surplus classes.
8/ Plans are based on handler's demand patterns.
9/ Price established on basis of New England Federal milk order blend price.
10/ Restricted to avoid disclosing individual operations for manufacturing-grade milk.

UNITED STATES
DEPARTMENT OF COMMERCE

MILK MARKETING AREAS UNDER



U. S. DEPARTMENT OF AGRICULTURE

FEDERAL ORDERS AS OF JANUARY 1, 1977

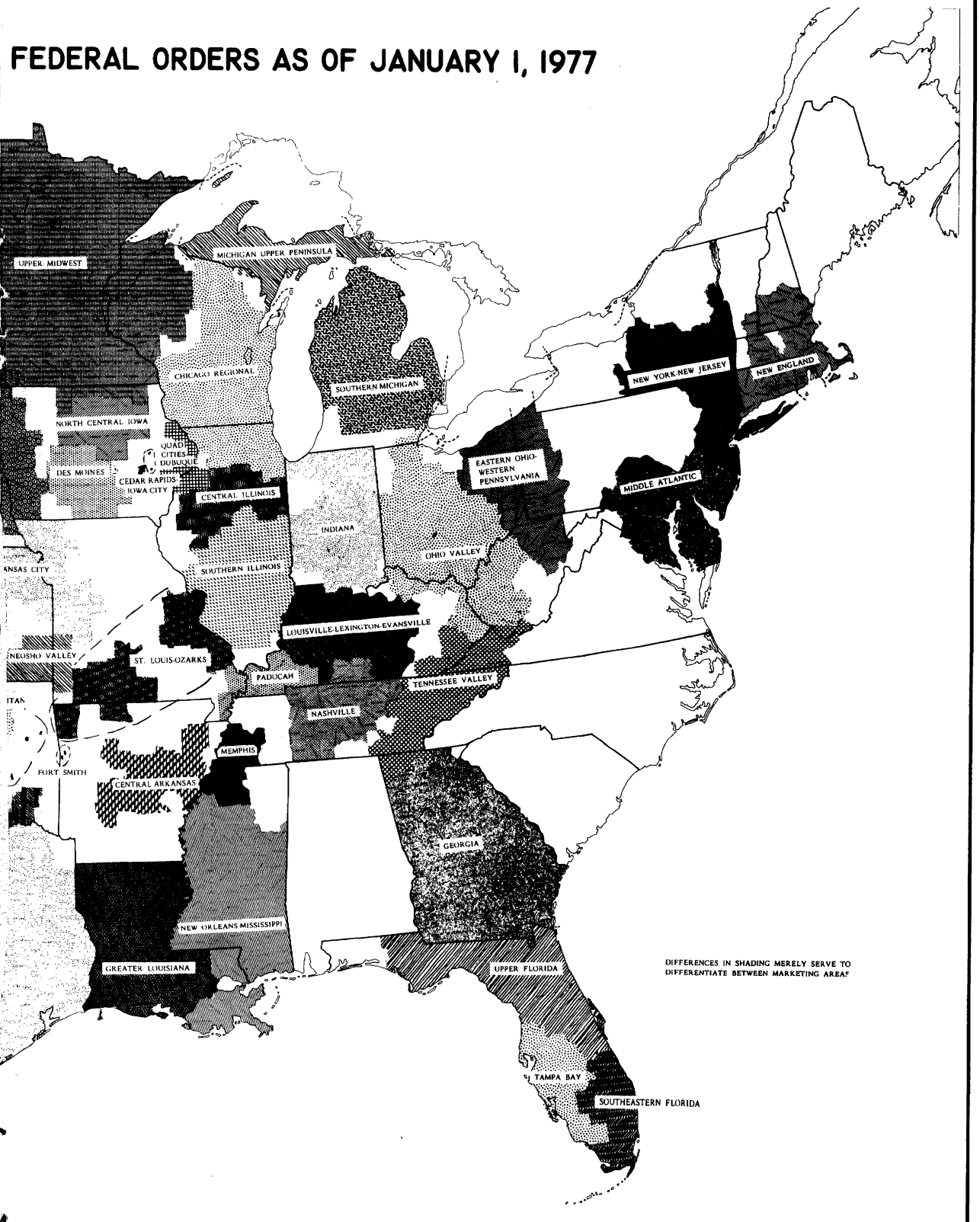


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Table 9--State milk promotion authority and provisions, 1976

States with legislative authority	Currently using authority	Amount of marketed milk assessed	Requires producer approval	Activities			Funding				
							Assessment				Appropriated
				Advertising	Education	Research	Producer	Handler		Mandatory	
		Percent					Percent of blend	Cents ---per cwt.---			
California	x	100	x	x	x	x	--	1/	1/	x	-
Colorado	x	100	-	x	-	-	--	--	2/	x	-
Connecticut	x	82	-	x	-	-	--	6.0	-	-	-
Georgia	x	100	x	x	x	x	--	8.0	-	x	-
Hawaii	x	83	x	x	x	x	--	5.0	-	-	-
Idaho	x	100	-	x	x	x	0.5	--	-	x	-
Louisiana	x	100	x	x	x	x	--	-	6.0	x	-
Maine	x	100	-	x	x	x	--	4/ 5.0	4/	x	-
Minnesota	x	100	x	x	x	x	.5	--	-	5/ x	-
New Hampshire	x	--	--	x	x	-	--	-	-	-	x
New Jersey	-	--	x	--	--	--	--	--	-	-	-
New York	x	100	x	x	x	x	--	5.0	-	x	-
North Carolina	x	100	x	x	x	x	--	6.0	-	5/ x	-
North Dakota	x	83	-	x	x	x	--	6/	-	5/ x	-
Oregon	x	100	x	x	x	x	1.0	--	-	x	-
Pennsylvania	-	--	x	--	--	--	--	--	-	-	-
South Dakota	x	90	-	x	x	x	--	2.0	-	5/ x	-
Texas 3/	x	--	--	x	x	-	--	-	-	-	x
Utah	x	100	-	x	-	x	.5	--	-	x	-
Vermont	x	100	-	x	x	x	--	1.5	7/ 1.5	x	-
Washington	x	100	x	x	x	x	8/	--	9/ .625	x	-
West Virginia	x	--	--	x	x	-	--	-	-	-	x
Wisconsin 3/	x	--	--	x	x	x	--	-	-	-	x
Puerto Rico	x	85	x	x	x	-	--	10/	10/	x	-

x = yes, - = no, -- = not applicable.

1/ Producers and handlers pay 0.4 cent per pound of milkfat in fluid milk products, 0.2 cent per pound of milkfat in manufactured milk products, 1.1 cents per cwt. of milk used in fluid milk products for 10 months, and 1.8 cents per cwt. of all milk in May and October. 2/ Assessments collected under the marketing order may be used to finance promotion projects. 3/ Also has authority to establish a producer-financed program upon producer approval. 4/ Producers and handlers pay 1.5 cents per cwt. on all milk marketed within Maine to the State Dairy and Nutrition Council. 5/ Provides for refunds. 6/ 0.5 cent per pound of milkfat. 7/ 3 cents per cwt. on milk obtained outside the State and sold within the State. 8/ 0.6 percent of the class I price of the Puget Sound Federal milk order. 9/ Only on class I and class II milk. 10/ 0.25 cent per quart of nonsurplus milk.

STATE REGULATIONS

In this section, milk price control, trade regulation, and promotion activities of each State and Puerto Rico are outlined, together with summaries of legislation and litigation that have taken place since 1971. When used with tables 5 through 9, these summaries furnish a general statement of individual State activities, based on a survey of State departments of agriculture and State milk control agencies. More complete information and details of administration may be obtained by studying State laws authorizing controls and by contacting State milk control agencies. A list of agencies with their addresses is at the end of this report.

Alabama

Milk Price Control

The Alabama Dairy Commission has authority to regulate the entire fluid milk industry in the State. It sets producer prices for milk sold for bottling, regardless of actual use. This amounts to about 98 percent of the fluid-grade milk producers sell to plants and dealers. In addition, the commission sets forth rules regulating a producer quota program. In January 1977, it suspended the provisions which establish retail and wholesale milk price minimums, and currently establishes only maximum prices at retail.

In establishing producer and resale prices, the dairy commission considers the balance between production and consumption of milk, the cost of production and distribution, and the purchasing power of consumers in the localities and markets of the State. Before fixing prices based on handling, processing, or transportation costs, the commission holds public hearings and hears relevant evidence.

Regulation of Trade Practices

The dairy commission also administers trade practice provisions which prohibit false and misleading advertising or the misrepresentation of dairy products; forbid giving anything of monetary value, either directly or indirectly, with the purchase or sale of milk products; regulate the donation of free samples; and protect the quality of dairy products during transactions between producers, producer-distributors, and distributors.

Arkansas

Regulation of Trade Practices

Objectives of State regulations are to control both the retailing and wholesaling of milk when offers, sales, or advertisements for sale of fresh milk and milk products are at less than cost; to control rebates, refunds, and discounts; and to restrict sales of equipment by processors and distributors.

Arkansas depends on regulation of sales below cost at the wholesale and retail levels to attain the objectives of its law. Prices may not be less than cost plus a 4-percent markup, unless specifically excluded from regulation. Sales of fresh milk and milk products to Federal institutions, State tax-supported charitable or penal institutions, and church-supported institutions are excluded from regulation.

California

Milk Price Control

The California Bureau of Milk Stabilization establishes minimum prices paid producers for all fluid-grade milk. It also has authority to set minimum wholesale and retail prices for fluid milk and cream. However, minimum wholesale pricing has been suspended in 10 of the 14 State marketing areas which account for about 98 percent of sales by volume. In January 1977, the California Department of Food and Agriculture suspended minimum retail milk controls in all major marketing areas of the State.

Minimum prices to producers must be in a reasonable and sound economic relationship with the price of manufacturing milk, and must take into account the additional cost of producing and marketing fluid milk and the current and prospective supply of and demand for fluid milk. The director of the California Department of Agriculture must find that such prices will

ensure that consumers have an adequate and continuous supply of wholesome milk at fair and reasonable prices.

In determining minimum wholesale and retail prices for fluid milk and cream, the following factors were considered: the quantity distributed, the effect of the price level on consumption, the purchasing power of consumers, the cost to distributors and retail stores, the cost of handling, a reasonable return on capital investment, and the amount of available capacity for processing and distributing milk and cream.

All stabilization and marketing plans for fluid milk prescribe minimum prices to be paid by distributors for milk and cream products or milkfat or fluid skim milk components of such products. California, the first State to prescribe component pricing of fluid milk and cream, establishes prices for milkfat, nonfat solids, and the fluid part of milk.

Regulation of Trade Practices

The Bureau of Milk Market Enforcement of the California Department of Food and Agriculture administers the provisions of the California agricultural code which prohibit selling below cost; giving free gifts to obtain the dairy product business of a customer or consumer; supplying refrigeration facilities, advertising allowances, or materials to wholesale customers; practicing price discrimination; granting secret rebates or unearned discounts; and establishing contract requirements between producers and distributors of fluid milk.

Milk Promotion

California has two promotional organizations. The California Milk Producers Advisory Board administers (subject to review by the California Department of Food and Agriculture) promotional, research, and educational programs for milk. The board is composed of 24 producers appointed by the director of the State department of food and agriculture. The programs are financed by assessments on producers and handlers of 0.4 cent per pound of milkfat on class I usage, and 0.2 cent per pound of milkfat on class II and class III usages.

The Dairy Council of California administers (subject to review by the California Department of Food and Agriculture) promotional, research, and educational programs for milk. The council consists of both producer and handler representatives. The programs are financed by assessing producers and handlers 1.1 cents per hundredweight on class I usage for 10 months of the year, and 1.8 cents per hundredweight on all milk marketed in May and October.

Colorado

Regulation of Trade Practices

The Colorado Milk Marketing Order requires the filing of schedules of wholesale and home delivery prices, discounts, and rebates with the commissioner of agriculture. The commissioner may suspend the use of a schedule and hold a hearing to gather evidence as to whether such prices, rebates, and discounts are fair. Sales to schools and government agencies are exempt from the filing requirement. To eliminate unfair competition, several practices are prohibited, including gifts, loans, unposted discounts and rebates, and sales below cost.

Milk Promotion

The Milk Marketing Board is authorized to conduct advertising and sales promotion programs financed by handler assessments under the marketing order. These assessments are collected primarily for regulatory purposes.

Connecticut

Regulation of Trade Practices

The Connecticut Milk Marketing Act provides authority to prohibit unfair trade practices. An unfair practice is defined as the sale of milk by a dealer at prices which disrupt the market or tend to lessen competition. After notice, hearing, and a finding of violation, the commissioner of agriculture may issue to such a dealer an order prohibiting such practices and, if necessary, prescribing corrective actions. No action has ever been taken under this authority.

Milk Promotion

Under statute, the Connecticut Department of Agriculture cooperates with Connecticut Milk for Health, Inc., (CMH)—a nonprofit corporation which finances research and development programs for milk. The statute requires the department to set by public hearing a rate of producer assessment up to a maximum of 5 cents per hundredweight of marketed milk, and requires dealers or producer cooperatives to collect the assessments from participating producers and pay them to CMH. Producers who elect not to participate must notify their dealer or cooperative each year. The present rate of assessment has been voluntarily set at 6 cents per hundredweight, and dealers and producer cooperatives continue to collect assessments and pay them to CMH. Producers of about 82 percent of the milk marketed in Connecticut participate. The department also has the responsibility to audit CMH and to annually furnish it a list of participating producers. In addition, the department provides CMH updates of this list throughout the year upon request.

Georgia

Milk Promotion

The Georgia Agricultural Commodity Commission promotes dairy products through sales promotion, and educational and research programs. The commission is supported, controlled, and financed by Georgia dairy farmers. All dairymen in Georgia are assessed 8 cents per hundredweight on all milk produced in the State.

Hawaii

Milk Price Control

The State of Hawaii established its milk control program in June 1967 through legislative enactment of Hawaii's Milk Control Act, as amended. The act established a division of milk control within the State department of agriculture which is responsible for administering the program. The purpose of the act is to stabilize the dairy industry and ensure an adequate supply of fresh milk for the inhabitants of the State. Two milksheds have been established under the act. The first was the Honolulu milkshed in July 1967 comprising the island of Oahu. The second was the Hawaii milkshed in October 1971 comprising the island of Hawaii. A milkshed is established via public hearing upon petition from milk producers and/or producer-distributors, or on motion of the board of agriculture.

The Hawaii Department of Agriculture is headed by an executive board known as the board of agriculture. The board is composed of seven members. The chairman of the board of land and natural resources is added as an ex officio voting member. The Governor appoints a chairman of the board of agriculture from its members who is also chairman of the department of agriculture. Board members are appointed by the Governor, with the consent of the State senate, for staggered 4-year terms.

The board of agriculture establishes the minimum class I price paid to milk producers for fluid-grade (grade A) milk. This price is determined on the basis of evidence presented at public hearings, including a cost of milk production study. In determining the minimum class I price, the board considers the operations of a reasonably efficient milk producer and the effect of such price on the consumer. The minimum class II price paid to the milk producer is established on a formula basis to reflect the cost to the milk distributor or producer-distributor of replacing the constituents contained in such milk. A class III price paid to milk producers is provided for but not identified by such milk class. It involves fresh milk in an excess pooling system. Excess pooling is a special technique to be used when fresh milk produced in excess of the total class I and II requirements of the market, as well as allowable plant shrinkage and route returns, results in such milk or its constituents being either dumped at a complete loss or disposed of at its highest practical salvage value. Hawaii does not establish wholesale or retail prices.

Milk Promotion

On January 1, 1971, milk producers in the Honolulu milkshed by mutual agreement formed an organization known as the Fresh Milk In-

dustry of Hawaii for the purpose of promoting nonbrand fresh milk. The program is financed by an assessment of 5 cents per hundredweight on milk produced and delivered. This assessment is voluntary, and the advertising program is coordinated by the milk control division, of the Hawaii Department of Agriculture.

Legislation and Litigation Since 1971

In 1971, the Hawaii Milk Control Act was amended to either change or include various definitions. Among these was the definition of a milkshed, which in turn dictated changes in the establishment of a milkshed and the initial establishment of milk quotas.

In 1972, the Hawaii Milk Control Act, as amended, was further amended to again change the definition of a milkshed to include a portion of a county. Also, certain administrative changes were made because some sections of the basic act had been inadvertently omitted in the drafting of the 1971 amendment.

In 1976, the section of the Hawaii Food, Dairy, and Cosmetic Act dealing with prohibited acts was amended. The amendment prohibits the selling or dispensing in eating establishments of (1) imitation (filled) milk in place of fresh milk; (2) products which simulate cream, but do not comply with content requirements for cream, in place of cream; (3) nondairy frozen desserts, which do not comply with content requirements for dairy frozen desserts, in place of dairy frozen desserts; and (4) any other imitation food, or one made in semblance of a genuine food, in place of such genuine food unless the consumer is adequately informed of the substitution by proper labeling or a visible sign or notice. The Hawaii Department of Health, which is responsible for milk sanitation and standards, administers the Hawaii Food, Drug, and Cosmetic Act. Filled milk sales account for 18 to 20 percent of the fresh milk market in Hawaii.

Idaho

Regulation of Trade Practices

The Bureau of Dairying of the Idaho Department of Agriculture administers legislation relating to trade practices. Price discrimination at the producer level is prohibited. The law prohibits wholesalers from making false statements about rival suppliers. Secret rebates or refunds, unearned discounts, gifts or sales below invoice or replacement costs to get or keep business, price or service discrimination, and false advertising are unlawful at wholesale and retail levels.

Milk Promotion

The Idaho Dairy Products Commission oversees milk promotion programs. The commission is composed of nine milk producers who are elected by fellow producers. It is authorized to conduct a campaign of research, education, and publicity; to find new markets; to inform the public about the value of milk, cream, and dairy products; to encourage the national and international use of Idaho dairy products; and to study problems of Idaho dairy producers. To finance the commission, producers are assessed 0.5 percent of the gross value of their marketed milk. The commission may also accept grants, donations, and gifts.

Iowa

Regulation of Trade Practices

The dairy industry in Iowa is regulated under the authority of the Iowa Unfair Dairy Trade Practices act of 1965. The objective of this act is to promote a fair competitive environment for processors and distributors by prohibiting such trade practices as the leasing and repairing of equipment, and the giving of free goods, equipment, or loans to retailers. Also, promotional activities are limited.

The law compels processors and distributors to file all their prices at every level for the purpose of determining possible discrimination. The law prohibits price discrimination in a section patterned after the Federal Robinson-Patman Act. The Iowa statute does not prohibit sales below cost at either wholesale or retail levels unless there is discrimination in relation to the seller's other customers. This act is administered by the Dairy Trade Practices Division of the Iowa Department of Agriculture.

Kansas

Regulation of Trade Practices

The Kansas Dairy Industries Practices Act of 1957 prohibits such things as furnishing equipment and providing signs and advertising below cost. Sections prohibiting the selling of dairy products below cost and the granting of unearned discounts and secret rebates were declared unconstitutional by the Kansas Supreme Court in 1959. The act is currently administered by the Office of the Attorney General of Kansas or local county attorneys.

Kentucky

Regulation of Trade Practices

The Kentucky Milk Marketing and Antimonopoly Commission prohibits below-cost sales by processors, distributors, and retailers. Processors and distributors file wholesale prices. If the retailer is also the processor, only the retail price is required to be filed. Prices must be filed June 1 of each year unless a filing has been made in the previous 6 months. Prices must be filed 20 days prior to the effective date. The 20-day advance notice is waived when the price is changed to meet legal competition or is the result of a price increase.

The milk marketing law also prohibits marketing practices such as price discrimination, secret rebates, unearned discounts, free services, financial aid, free equipment, and the use of coupons and redeemable certificates.

Legislation and Litigation Since 1971

The milk marketing law was amended in 1974 to allow the commission to initiate proceedings on its own motion rather than having to wait for a written complaint from a competitor.

Louisiana

Milk Price Control

The Louisiana Dairy Stabilization Law authorizes the State department of agriculture to establish minimum prices that producers receive for milk sold for fluid use. At the request of producers in the New Orleans market area, which corresponds with the New Orleans-Mississippi Federal order area, State regulation was abandoned in that area October 31, 1976. Regulation in the rest of the State which corresponds with the Greater Louisiana Federal order also was suspended on that date, and the action was sustained by producers in the area.

Regulation of Trade Practices

The Louisiana Dairy Stabilization Board administers the provisions of the Louisiana Dairy Stabilization Law which prohibit disruptive sales practices—such as granting rebates, making gifts or loans, granting unearned discounts, and selling fixtures for less than cost.

Milk Promotion

Louisiana handlers must pay 6 cents per hundredweight on their producer receipts. Collected funds are turned over to the American Dairy Association of Louisiana, which, with the National Dairy Council, uses the funds for promotional, educational, and research programs.

Legislation and Litigation Since 1971

The Louisiana Dairy Stabilization Law was amended in 1974 and 1976. Major changes include repealing the authority to regulate wholesale and retail milk prices; replacing the Louisiana Milk Commission by the Louisiana Dairy Stabilization Board in 1974; adding one producer member and dropping one consumer member from the board in 1976; and giving the board the authority to prohibit sales below cost at the wholesale and retail levels in 1976.

Maine

Milk Price Control

The Maine Milk Commission regulates the dairy industry in Maine under the authority of Maine statutes. The law provides for just and

reasonable prices with consideration given to the public health and welfare, and the assurance of an adequate supply of pure and wholesome milk produced under varying conditions in various marketing areas. Consideration is also given to seasonal production and other factors affecting the costs of production, transportation, and marketing, including a reasonable return to the producer and dealer.

The commission comprises four public members having no professional connection or relation with, or holding any interest, stock, or securities in, any activities subject to the jurisdiction of the commission. The commission also includes within its membership the commissioner of agriculture, ex officio.

The Maine Milk Commission establishes minimum prices for fluid milk products at the production, wholesale, and retail levels. Those prices are determined as a result of evidence gathered through the public hearing process and independent investigations conducted by the commission. Minimum resale prices are based on the lowest prices at which milk can be processed and distributed by a sufficient segment of the efficient dairies capable of serving a substantial portion of consumers.

Regulation of Trade Practices

The Maine Milk Commission's regulatory program includes trade practice regulations governing the purchase, distribution, and sale of milk. The regulations prohibit the use of any method or device that makes it possible for milk to be bought and sold at less than the scheduled minimum prices, whether by rebate, discount, gratuity, advertising allowance, free service, combination price for milk with other commodities, or any other consideration.

Milk Promotion

Maine has two promotional organizations created through legislative authority, the Maine Milk Tax Committee and the Maine Dairy and Nutrition Council. The Maine Milk Tax Committee consists of the commissioner of agriculture and four producers appointed by the commissioner, and is supported by producer assessment of 5 cents per hundredweight on all deliveries. The Maine Dairy and Nutrition Council includes the commissioner of agriculture, two producers, and two handlers. It is financed by assessing both producers and handlers 1.5 cents per hundredweight on all milk distributed within Maine.

The functions of both organizations are to promote the prosperity of Maine's dairy industry by fostering promotional, educational, advertising, and research programs.

Legislation and Litigation Since 1971

In 1975, the Maine Legislature reorganized the commission by substituting consumers for the previously industry-oriented membership. In addition, certain criteria were established for determining minimum prices which shall reflect the lowest cost at which milk may be received, processed, packaged, and distributed within the State.

The Legislature also increased the hundredweight fee assessment payable to the milk commission from 2 cents to 3 cents. As before, this assessment is equally divided among local Maine producers and dealers.

Massachusetts

Milk Price Control

The Massachusetts Milk Control Commission establishes producer prices for all milk sold in the State. However, most of the milk sold to plants and dealers is also priced under Federal order regulation—Berkshire and Nantucket Counties plus parts of Franklin, Hampden, Hampshire, and Worcester Counties are the only areas in Massachusetts not included in the marketing area of the New England Federal milk order. The commission is not currently exercising its authority to establish wholesale or retail prices.

Regulation of Trade Practices

The Massachusetts Milk Control Commission administers legislation relating to trade practices. Massachusetts law prohibits sales below cost, and the use of any method or device to achieve them, whether by discount, rebate, free service, or advertising allowance.

Minnesota

Regulation of Trade Practices

Trade practices within the Minnesota dairy industry are regulated under the authority of the Dairy Industry Unfair Trade Practices Act of 1957, as amended. The purpose of this regulation is to help preserve competition among dairy firms within the State by requiring and prohibiting various practices. The act is administered by the Dairy Practices Division of the Minnesota Department of Agriculture.

The commissioner of the department of agriculture is authorized and empowered to call together manufacturers, distributors, wholesalers, retailers, and producers of selected dairy products manufactured, processed, produced, or sold in the State to inquire into trade practices. The commissioner also conducts hearings in connection with such trade practices in order to make findings relative to any trade practice found to exist.

In addition, the commissioner enforces the statutes prohibiting anticompetitive trade practices. These include, but are not limited to statues pertaining to loans, rebates or discounts; free retailing equipment, fixtures, signs, leases, advertising, and products to customers by processors or distributors; and selling items below cost. Under authority of the act, the dairy practices division conducts periodic audits of processors, distributors, wholesalers, and retailers to ensure compliance.

Milk Promotion

The Minnesota Dairy Promotion Act authorizes the promotion of dairy products, education, and research relating to dairy products. It is administered by the Minnesota Dairy Promotion Board composed of 22 dairy farmers of which half are elected each year from 11 districts for 2-year terms. The program was approved by producer referendum in January 1975, and went into effect April 1. A new referendum must be held in 1979 and every 5 years thereafter. For the program to be approved, a majority of producers voting must approve. Bloc voting by cooperatives is permitted, but all producers are sent a ballot so any may withdraw from the cooperative vote. The program is funded by assessing producers at the rate of 0.5 percent of the gross value of their product. Any producer may apply for a refund.

Legislation and Litigation Since 1971

In 1975, the Dairy Industry Unfair Trade Practices Act of 1957, as amended, was further amended. The provision requiring the filing of price schedules with the dairy practices division was repealed. Also, a more detailed description of permissible interest rates on sales contracts was included in the provisions concerning prohibited trade practices.

Missouri

Regulation of Trade Practices

The purpose of the Missouri Unfair Milk Sales Practices Act of 1959 is to prevent pricing practices that occur in the dairy industry which may have the intent or effect of unfairly diverting trade from a competitor or of destroying competition. No price filings are required except upon request from the director of agriculture or his agents. The Milk Control Section of the Division of Audits and Compliance of the Missouri Department of Agriculture enforces the statutes prohibiting anticompetitive practices. These practices include those pertaining to loans to retailers; rebates; discounts that cannot be cost justified; free equipment, signs, advertising, or services; gifts and donations; private labels; price differences that cannot be cost justified; the sale of a milk product and another commodity or service at a price less than the aggregate price of the two items sold separately; and sales below cost by a processor, distributor, or retailer, except in meeting competition or under other specified conditions.

Montana

Milk Price Control

The Montana Milk Control Board establishes minimum prices producers receive for milk sold to plants and dealers for bottling—about 100 percent of all milk sold to plants and dealers. The control board also sets wholesale and retail prices for fluid items.

Pricing formulas are authorized to determine the level of class I producer and resale milk prices. The formulas may include such factors as the balance between production and consumption; the costs of production, processing, distribution, and retailing by reasonably efficient producers and processors in the market area; and prices in neighboring areas and States.

Regulation of Trade Practices

Regulating trade practices is part of the Montana Milk Control Board's program. Business practices which are prohibited include selling below cost; accepting allowances, secret rebates, refunds, and unearned discounts; giving milk, dairy products, services, or articles of any kind, except to bona fide charities; and extending special prices or services that are not available to all customers who purchase milk in the same quantities under the same terms and conditions.

Nevada

Milk Price Control

The Nevada Dairy Commission sets prices producers receive for practically all milk sold to plants and dealers. It also establishes retail prices for fluid products sold in Nevada, and regulates trade practices in fluid product distribution.

The commission has the authority to regulate prices at all levels. In determining prices, the commission considers various factors, including costs of production and distribution, a reasonable return on investment, and supply and demand conditions in the marketing area.

Regulation of Trade Practices

The Nevada Dairy Commission administers the statutes which specifically call for the elimination of unfair and restrictive trade practices, such as extension of special prices or services; secret rebates; unearned discounts; sales below cost; gifts of products, articles, and services to secure business; and extension of credit beyond regulatory limits.

Legislation and Litigation Since 1971

In 1975, the statutes concerned with milk marketing were amended. The major change altered the composition of the Nevada Dairy Commission. Formerly the commission was composed of two producers, one handler, one producer-handler, two retailers, and three consumers. With the amendment, the producer-handler and one retailer were dropped, and one consumer was added.

New Hampshire

Milk Promotion

Although lacking specific legislation, New Hampshire budgets funds for milk promotion. The funds are used to help finance such activities as displays, organizational gatherings, the dairy princess program, education, and store promotions.

New Jersey

Milk Price Control

The dairy industry in New Jersey is regulated under the authority of the New Jersey Milk Control Act of 1941, as amended, which replaced a similar act which had been in effect since the early 1930's. The objectives of the legislation are to provide a sufficient supply of fresh, wholesome milk; to prevent unfair, unjust, destructive, and demoralizing trade practices; to provide a reasonable return for the milk producer; and to provide stable marketing conditions for the benefit of the dairy industry and consumers.

The New Jersey Milk Control Act, as amended, is administered by the New Jersey Department of Agriculture through its Division of Dairy Industry. Prices to New Jersey producers are regulated under joint Federal-State orders pursuant to a memorandum of agreement between the U.S. Department of Agriculture and the State's department of agriculture. Two such orders affect New Jersey milk producers—the New York-New Jersey milk marketing order, and the Middle Atlantic milk marketing order.

The act contains authority to establish prices at all levels of exchange, but only minimum prices are fixed for whole milk at the out-of-stores and home-delivery retail level at present. Minimum prices are based on the class I prices under the joint Federal-State orders, to which are added fixed margins developed from an extensive analysis of the cost of processing and distributing milk through large efficient dealers and stores in New Jersey.

Regulation of Trade Practices

The Milk Control Act also authorizes adoption of trade practice regulations. Such regulations have been adopted by the division of dairy industry regulating the supplying of equipment; prohibiting gift giving to milk customers, and using false and misleading advertising of milk, milk products, and sales below cost; and requiring stores to post milk prices and a notice before a source of milk supply may be changed.

Milk Promotion

New Jersey received legislative authority for statewide milk promotion programs in September 1971, but has not taken any action under the law to establish such programs.

Legislation and Litigation Since 1971

In its September 1972 decision on Garden State Farms vs. Mathis, the New Jersey Supreme Court upheld the constitutionality of both the New Jersey Milk Control Act of 1941, as amended, and a marketing order issued under its authority.

New York

Milk Price Control

New York sets minimum producer prices in the Niagara Frontier and Rochester marketing areas under State milk marketing orders, and joins New Jersey and the Federal Government in setting minimum producer prices under the New York-New Jersey order. Nearly 94 percent of the milk produced in New York is priced under State or Federal milk marketing orders. Seventy percent of the milk is priced under the New York-New Jersey order, 10 percent under State orders, and the balance under Federal orders in adjoining States. Before fixing minimum producer prices, the commissioner of agriculture and markets determines reasonable costs and charges for producing, hauling, and processing milk (plus any other services performed). Also determined are the minimum prices for milk in the market or markets affected which would be in the public interest. In addition, the commissioner considers the balance between production and distribution, including compliance with all sanitary regulations; the cost of feed used in production; the supply of milk; and the purchasing power and welfare of the public.

Regulation of Trade Practices

If the intent is to destroy or lessen competition, the New York Milk Control Law prohibits buying or selling milk at less than cost; discounts, rebates, free services, advertising, allowances, or combined prices; or any other methods or devices which result in price discrimination or sales below cost. The law gives the commissioner the right to issue cease and desist orders (subject to review) if he believes an agreement between a producers' bargaining association and dealers has unduly increased the price of milk. The law authorizes price fixing only at the producer level. Sales below cost are prohibited unless indicated in advertising and at point-of-sale.

Milk Promotion

In a referendum which ended in February 1975, New York dairy farmers voted to continue the dairy promotion order for a second 3-year period. The promotion order, which was originally approved in 1972, provides for a State program of advertising, education, and research. An advisory board made up of 10 dairy farmers assists the commissioner in the administration of the order. The order authorizes mandatory assessments of up to 5 cents per hundredweight on all producer marketings, but allows credits or adjustments for voluntary or mandatory payments under Federal or other State milk promotion programs. The rate of assessment is

based on the recommendation of the advisory board, and must be approved by the commissioner.

Legislation and Litigation Since 1971

Trade practice legislation was enacted which prohibits a milk dealer from discriminating against different purchasers of fluid milk products when the effect will be to lessen competition or build a monopoly in the sale of fluid milk and fluid milk products.

Further legislation enacted a producer security law to protect milk producers and cooperatives against loss of payment for milk because of default by purchaser.

A decision issued by the Appellate Division of the Supreme Court of the State of New York upheld the constitutionality of the dairy promotion order.

North Carolina

Milk Price Control

The North Carolina Milk Commission regulates the prices of all grade A raw milk sold by the State's producers. It has the authority to set maximum and minimum wholesale and retail prices after holding a public hearing and finding that it is in the public interest to do so.

In determining the reasonableness of prices to be paid or charged in any market, the commission is guided by the cost of production and distribution (including the cost of compliance with all sanitary regulations in force in the market); necessary operating, processing, storage, and delivery charges; the prices of other foods and commodities; and the welfare of the general public. The commission consists of two producers, two processors, a retailer, and five public members. The Governor and the commissioner of agriculture each appoint three members. The Lieutenant Governor and Speaker of the House each appoint two members.

Regulation of Trade Practices

The North Carolina Milk Commission enforces the statutory prohibition of below cost sales. The commission has the statutory authority to adopt trade practice regulation, and to require distributors to file schedules of retail and wholesale prices. Trade practice and price filing regulations were suspended in 1973 and none have been in effect since.

Milk Promotion

The North Carolina Milk promotion program is administered by the department of agriculture which permits commodity groups to assess themselves for promotional activities. Approval of two-thirds of those voting is required. A referendum was held in April 1976, and producers voted an assessment of 6 cents per hundredweight on grade A milk shipments. Producers may apply for a refund within 30 days of each monthly assessment. The American Dairy Association of North Carolina is authorized to collect the funds and handle this promotional program for North Carolina dairy farmers.

Legislation and Litigation Since 1971

In 1974, the North Carolina General Assembly established a legislative study commission to study matters concerning the producing, processing, distributing, and marketing of milk in North Carolina. The final report of this commission was to be made to the 1977 session of the General Assembly.

In 1975, the act was amended to reorganize the commission, changing the membership from 7 members to the present 10 members. The 1975 legislature also amended the below-cost section of the law to eliminate in-store marketing expenses as a factor in determining whether a retailer is selling below cost. It provided that a retailer may meet legitimate competition even though such price would be below cost for him.

In April 1976, the North Carolina Supreme Court ruled that the commission did not have the statutory authority to require equalization payments when reconstituted milk sales displaced producers' milk in a market. Under the rule, which was invalidated, the commission had sought to require that equalization payments be paid when a plant reconstituted milk if milk from producers was available in the market.

Under existing rules, if a plant has a full supply, it cannot displace producer milk through reconstitution.

North Dakota

Milk Price Control

The purpose of the Milk Stabilization Act, as passed in 1967 and as amended, is to protect and promote the public welfare and to eliminate unfair and demoralizing trade practices in the milk industry. It is administered by the North Dakota Milk Stabilization Board, which supervises, investigates, and regulates every segment of the State's grade A dairy industry. It also may act as mediator or arbitrator in connection with any controversy or issue among grade A dairy farmers, grade A processors, distributors, retailers, or consumers if such controversy pertains to the production, transportation, processing, storage, distribution, or sale of milk or frozen dairy products. The board consists of five members (a dairy farmer, a grade A processor, a retailer, and two consumers), who are appointed by the Governor for staggered 5-year terms.

The board establishes minimum prices paid to grade A dairy farmers for their milk. Prices are determined on the basis of evidence from public hearings. In determining appropriate prices to be paid producers, the board must consider what prices are necessary to enable an efficient producer to continue at a reasonable return on investment, and what prices are being paid in neighboring Federal milk marketing orders.

The board also establishes minimum (it also may establish maximum) wholesale and retail prices for fluid milk products, cottage cheese, and yogurt, and minimum wholesale ice cream prices on the basis of evidence from public hearings and processor cost studies conducted by the board. In making these decisions the board considers such factors as costs of processing and distributing, including a fair profit; general economic conditions in the respective market areas of the State; and competition of milk products from outside the State.

Regulation of Trade Practices

Under authority delegated by the provisions of the act, the following transactions of business are prohibited: discounts, rebates, or allowances not authorized by the board; free equipment or services; advertising or display allowances; free milk products or frozen dairy products not allowed by the board; loans, financial assistance, and extension of credit; signs; combination sales; special prices; gifts; equipment; deposits on returnable containers; secret rebates; and pirating salesmen.

Milk Promotion

North Dakota conducts promotional and educational programs financed by mandatory deductions from producers. During January, producers may ask for an annual refund. Some funds are donated to the American Dairy Association. This milk promotion is conducted by the North Dakota Dairy Products Promotion Commission.

Legislation and Litigation Since 1971

The act was amended to include authority to price class III milk at the producer level, in addition to pricing class I and class II milk. The fee to be collected by the board on sales of class I and II products within the State was changed from a mandatory 5 cents per hundredweight to a flexible 0-8 cents per hundredweight.

In Capital City Foods, Inc., vs. the North Dakota Milk Stabilization Board, plaintiffs contended that the Milk Stabilization Act was an unlawful and unconstitutional interference with interstate commerce; it deprives plaintiffs of the full use of their property without due process of the law; and it deprives plaintiffs of equal protection of the laws. The U.S. District Court, District of North Dakota, Southwestern Division, denied the complaint and dismissed the action.

Oklahoma

Regulation of Trade Practices

Objectives of trade practice regulations are to prevent processors, wholesalers, and distributors from selling below cost and subsidizing retail dealers by granting secret discounts, making gifts, and furnishing equipment. The law

holds that such practices adversely affect the economy of Oklahoma, and are contrary to the public welfare and public policy.

Oklahoma prohibits sales below cost at the wholesale level, with two exceptions: sales made in good faith to meet existing competition, and sales to any Federal agency or department. Milk wars still occur in Oklahoma, as the law does not prohibit retailers from selling below cost.

Oregon

Milk Price Control

The State department of agriculture regulates the Oregon dairy industry under the authority of the Oregon Milk Audit and Stabilization Act. However, most regulatory functions are performed by the Federal Government under the Oregon-Washington Federal milk marketing order, including milk classification, auditing, and generally producer pricing. The State's pricing authority becomes effective when Federal order minimum prices are below the State established floor. Under a Federal-State cooperative agreement, monies collected under the Oregon-Washington order are turned over to the State for repooling and payment to producers under the State class I base plan. Producer-handlers are regulated by the State when they attain a herd size of over 25 cows.

Milk Promotion

The Oregon Dairy Products Commission taxes producers 1 percent of their receipts from marketed milk to finance promotional and educational programs, which are carried out with the assistance of the Oregon Dairy Council and the State American Dairy Association.

Pennsylvania

Milk Price Control

The Pennsylvania Milk Marketing Board establishes producer and resale prices for the entire State. Much of Pennsylvania also is included in Federal milk order marketing areas. The board consists of three members appointed for 6-year terms by the Governor with the consent of the State senate.

The board bases minimum producer prices on all conditions affecting the milk industry in each marketing area as presented in testimony at hearings. Factors considered include costs of production, reasonable returns to producers, the current and prospective milk supply, the demand for milk, and—under certain conditions—available supplies and prices of milk in adjacent States.

Resale prices are fixed after testimony is received at public hearings. Consideration is given to the cost of buying fluid milk; the costs of receiving, processing, packaging, and distributing; and a reasonable return to dealers.

Milk Promotion

The Pennsylvania Marketing and Promotion Act of 1971 provides authority for producer-financed promotion programs upon the approval of a majority of the producers, and permits bloc voting by cooperatives. However, no proposed program has received the necessary producer approval. An approved program would be administered by the Pennsylvania Department of Agriculture.

South Carolina

Milk Price Control

The dairy industry in South Carolina is regulated under the authority of the South Carolina Dairy Industry Stabilization Act of 1953, as amended. The objectives of that legislation are to insure an adequate supply of pure and wholesome milk, to provide stable markets and orderly marketing conditions, to preserve competition through the prevention of predatory trade practices, and to price milk and milk products at fair and reasonable levels to dairy farmers and consumers.

The act is administered by the South Carolina Dairy Commission, which is composed of three producers (dairy farmers), one distributor (processor), one retail merchant, and four public members. The Commissioner of Agriculture of South Carolina is an ex officio member of the commission. The producer members, one each from three defined zones, are

nominated by the producers in their respective zones, and appointed by the Governor for 3-year terms. Other members are appointed by the Governor for 3-year terms from the State at large.

The commission establishes minimum class prices paid to dairy farmers for grade A milk disposed of in each class of milk as defined by the commission. These prices are determined on the basis of evidence presented at public hearings, or on the basis of economic formulas adopted by the commission following such hearings. In determining appropriate producer prices, the commission considers the prevailing prices of alternative sources of supply and price alignment with adjoining areas.

The commission establishes minimum wholesale prices for grade A fluid milk products, except for such products sold to agencies or institutions of the State, county, or municipal governments, and to nonprofit schools and hospitals. These prices are established on the basis of evidence from public hearings, or on the basis of procedures adopted following a public hearing whereby minimum wholesale prices increase or decrease in relation to the change in the price paid to producers.

Regulation of Trade Practices

Regulation of the dairy industry in South Carolina by the commission includes the authority to regulate trade practices within the industry.

The purpose of the trade practices provisions of the statute is to help preserve competition among dairy firms licensed to do business within the State by prohibiting various predatory marketing practices which are declared by statute to be unfair and illegal. Distributors are required to post prices with the commission, and give due notice of any change in such prices, on all products offered for sale at prices above the established minimum, and on all products offered for sale which are not subject to direct control by the commission.

The marketing practices prohibited by statute are anticompetitive or monopolistic in nature. They include discriminatory pricing, loans, secret discounts, unearned rebates and allowances, free equipment, fixtures, signs, or anything of value. Also prohibited are sales below cost by processors, distributors, and retail stores. Under the authority of the act, the commission is authorized to conduct investigations and periodic audits to ensure compliance.

South Dakota

Milk Price Control

The dairy industry in South Dakota is regulated under the authority of the Dairy Industry Marketing Practices Act of 1966, as amended. The act is administered by the South Dakota Secretary of Agriculture, with the dairy marketing commission having quasi-judicial, quasi-legislative, advisory, other nonadministrative, and special budgetary functions, and exercising those functions independently of the Secretary of Agriculture.

The commission is composed of one processor, one dairy farmer, one retailer, three consumers, and one member who must be an accountant, auditor, or dairy economist.

The dairy marketing commission establishes minimum wholesale and retail prices for all fluid milk products. Standards used to determine the dock and wholesale prices of milk products are the cost of raw milk (determined by Federal milk orders which price all milk eligible for fluid milk use in the State, plus any over-order premiums charged by cooperative handlers) and the average cost of South Dakota processors for processing, packaging, and delivering fluid milk. Retail levels are set at a minimum of 10 percent above the wholesale price. All price changes are made through public hearings.

Regulation of Trade Practices

Trade practice regulations are an important part of the South Dakota price control program. Prohibited practices include sales below cost, secret rebates, unearned discounts, special services and privileges, credit and equipment arrangements, exclusive leases, price discrimination, and loss leaders.

Milk Promotion

South Dakota assesses producers 2 cents per hundredweight on about 83 percent of marketed milk. About 20 percent of these funds

are used for in-State promotion; the remaining 80 percent is contributed to the American Dairy Association. Producers may apply for an annual refund within 30 days after January 1.

Legislation and Litigation Since 1971

In 1976, the legislature passed an amendment making it unlawful for any retailer to sell or offer to sell any dairy product of one brand at a price which is different from the price charged by such retailer for an equal quantity of a product which is of the same type, grade, or quality, but of a different brand. The act also directs the commission to verify that all processors have paid any additional premiums over and above the Federal order minimum prices direct to producers, or through their marketing association, to the qualified producers on a marketwide basis.

Tennessee

Regulation of Trade Practices

The Tennessee Fair Trade Practice Act is designed to protect producers, processors, and retailers from below-cost selling and certain other tactics that are used to destroy competition and are considered detrimental to the public interest.

Sales below cost are prohibited at wholesale and retail levels. Wholesale cost is determined by normal accounting procedures. Retail cost is based on the invoice price paid by the retailer plus a statutory markup of 8, 10, or 14 percent, depending on the type of service rendered to the retailer by his supplier. These statutory markups are assumed in the absence of a lesser proven cost.

It is permissible to sell below cost when the price is made in good faith to meet competition, provided the price is cut only once and is not cut below the price of competition; the merchandise is damaged; the merchandise is sold upon final liquidation of any business; the merchandise is sold for charitable purposes or to unemployment relief agencies; a transaction is not in the usual course of business; bids are made in response to invitations from government agencies or institutions; and the merchandise is sold by an officer acting under the direction of any court.

Texas

Milk Promotion

Milk is promoted through the Texas Agricultural Products (TAP) program run by the Texas Department of Agriculture. Funds for TAP are provided by legislative appropriations. Methods available for the promotion of milk include exhibits, handouts such as recipes, point-of-sale advertising, public service announcements, and directories of manufacturers or processors.

The Texas Commodity Referendum Act permits any commodity group to petition, and if approved by the producers in a referendum, to organize and carry out programs in promotion, research, education, and disease control. While milk currently is not one of the participating commodities, it is eligible for this program.

Utah

Milk Promotion

The Utah Dairy Commission, composed of nine dairy farmers, oversees the promotion, protection, study, research, analysis, and development of markets for distributing Utah's dairy products. Commission members, except for the first members who were appointed to alternating terms by the Governor, are elected by dairy farmers in the State's nine dairy districts. To finance the commission's activities, producers are assessed 0.5 percent of the gross value of their marketed milk.

Vermont

Milk Price Control

The Vermont Milk Control Board is empowered to establish prices that producers receive for milk eligible for fluid use, and resale prices for fluid products. Minimum prices paid producers for milk sold for distribution in Vermont are based upon the New England

Federal order price, plus an added fixed premium. This formula has been used instead of a classified use plan. Minimum wholesale and retail prices are established by applying producer prices to a formula adopted for the purpose.

Regulation of Trade Practices

The Vermont Milk Control Board has the authority to regulate trade practices. Practices prohibited include selling below cost, giving trading stamps with purchase of milk, and giving free merchandise to entice customers.

Milk Promotion

The State dairy council administers the State promotional program based on a mandatory assessment. Producers and handlers are each assessed 1.5 cents per hundredweight for milk produced and sold within the State. Handlers are assessed 3 cents per hundredweight for milk produced outside of and sold within the State. The State dairy council contracts with several agencies who carry out milk promotion programs. These agencies include the State controlled Dairy Markets Development Program; the Dairy Council of Vermont; Milk Promotion Services, Inc.; and June is Dairy Month, Inc.

Virginia

Milk Price Control

The dairy industry in Virginia is regulated under the authority of the Milk and Cream Act of 1934, as amended. The objectives of the act are to assure the consuming public of the Commonwealth of Virginia a constant supply of fresh and wholesome milk at fair and reasonable prices, to assure dairy farmers an adequate return on their labor and investment, to assure a reasonable return on investment to processors, to maintain market stability, and to preserve competition through the prevention of predatory trade practices.

The act gives the Virginia Milk Commission the power to supervise, regulate, and control the production, transportation, processing, storage, distribution, and sale of milk and cream in the State. The commission consists of an administrator and seven members. The administrator and four members are consumers, two members are producers, and one member is a processor-distributor. The administrator is an ex officio member of the commission.

The Virginia Milk Commission, after holding a public hearing, adopted an economic formula to determine prices to be paid to producers or associations of producers by distributors on a monthly basis. The formula incorporates pertinent economic factors relevant to the production of milk as it affects the public interest in maintaining an adequate supply of milk within Virginia.

The commission establishes minimum and maximum wholesale and maximum retail prices for fluid milk products which are sold for human consumption. It has the authority to establish minimum retail prices only in the event of market disruption. Resale prices are automatically increased or decreased, by use of the formula established to determine prices paid to producers.

Regulation of Trade Practices

Under the authority of the Milk and Cream Act of 1934, as amended, the Virginia Milk Commission is authorized to regulate fair trade practices within the dairy industry in Virginia. The purpose of the fair trade provisions is to help preserve competition among milk distributors within the State by requiring and prohibiting various practices. The commission enforces the statutes prohibiting anticompetitive trade practices which include providing a milk customer or prospective milk customer with milk handling equipment except by a bona fide sale, using unapproved advertising, and engaging in any practice which may tend substantially to lessen competition in, or substantially to increase the cost of, the distribution of milk.

Legislation and Litigation Since 1971

The present makeup of the Virginia Milk Commission was established July 1, 1974, with the addition of two consumers, one processor-

distributor, and the adminstrator in an ex officio capacity.

Washington

Milk Promotion

The Washington Dairy Products Commission administers a State advertising and sales promotion program financed by mandatory producer assessments of 0.6 percent of the class I price per hundredweight of milk as announced by the Federal milk market administrator for the Puget Sound marketing area. Funds are used for advertising, sales promotion, education, public relations, and research. In addition, handlers and producer-handlers are subject to a special education assessment of 0.625 cent per hundredweight of class I and class II milk processed within the State, as well as all milk used for class I or class II products processed outside the State but sold within the borders of Washington. Funds generated from this assessment are used for programs conducted through the Washington State Dairy Council under a memorandum of agreement with the Washington Dairy Products Commission.

West Virginia

Milk Promotion

West Virginia conducts advertising, promotional, and educational programs on milk. Funds for these activities are appropriated by the legislature.

Wisconsin

Regulation of Trade Practices

Wholesaling of selected dairy products (bottled milk, cream, cultured products, ice cream, ice milk, sherbet, and frozen novelties) is regulated by the Wisconsin Dairy Industry Trade Practices Law, which is administered by the Trade Division of the Wisconsin Department of Agriculture. This program is funded by assessment on all selected dairy products sold in the State. The law is aimed at preserving competition among dairy wholesalers doing business in the State by requiring and prohibiting various practices. The law prohibits discriminating in price (in terms patterned after the Robinson-Patman Act); furnishing equipment, loans, and a variety of other gifts and services; and selling below cost. It requires each processor or distributor to maintain published price lists, but does not mandate filing price lists with the department except in the case of out-of-State firms. The law also prohibits retailers from soliciting or receiving anything from a wholesaler which is prohibited, and imposes equal legal liability on the wholesaler and the retailer.

The State department of agriculture enforces the Wisconsin Unfair Sales Act, which requires (except under certain circumstances) a wholesale distributor to sell merchandise for at least 3 percent over cost; a retailer buying from a wholesaler to sell merchandise for at least 6 percent over cost; and a retailer buying directly from a manufacturer or processor to add first the 3 percent and then the 6 percent markup for a total of 9.18 percent. This act does not affect the selling prices of manufacturers or processors, and is superseded by the below-cost provision of the Wisconsin Dairy Industry Trade Practices Law for distributors of selected dairy products.

Milk Promotion

The Wisconsin market development program, which is financed from appropriated funds, includes advertising and marketing research for milk. Under Wisconsin statutes, the Wisconsin Department of Agricluture may issue market orders providing for the advertising and sale promotion of milk upon producer approval.

Legislation and Litigation Since 1971

The Wisconsin Legislature in 1972 amended the Wisconsin Dairy Industry Trade Practices Law to extend the application of the law to transactions outside the State which result in injury to competition within the State.

In 1973, the Wisconsin Legislature created a new section of the statutes which permits the issuance of marketing orders establishing minimum producer pay prices for milk not regulated as to price under a Federal milk marketing order.

In 1975, the Wisconsin Administrative

Code was amended to define the different types of delivery service for the purposes of dairy industry trade practices.

Also, in 1975, the Wisconsin Legislature amended the statutes to provide that, as a condition of its issuance, a marketing order relating solely to the advertising and sales promotion of milk need be approved by only 51 percent of the producers voting in a referendum, rather than the previous requirement of 51 percent of those eligible to vote.

Wyoming

Milk Price Control

The dairy industry of Wyoming is regulated under the authority of the Dairy Marketing Act of 1971. The objectives of this legislation are to help maintain prices received by producers and processors for any dairy product at levels which are comparable to the general economic conditions within the marketing area; to help approach and maintain such comparable general economic conditions at as rapid a rate as is feasible in view of the demand for any dairy product; to help prevent economic waste of agricultural resources because of improper preparation of any dairy product for market, lack of uniform grading and inspection, or excessive shipments to markets; to help ensure a beneficial future for any dairy product; and to help protect the interests of consumers of any dairy product by ensuring an adequate supply thereof.

The act is administered by the Wyoming Board of Agriculture. The board is composed of seven members, five of whom are appointed by the Governor. The Governor and the Dean of the College of Agriculture, University of Wyoming, are ex-officio members. Appointed members generally are self-employed in agriculture and are appointed for a 4-year term, with two or three appointments staggered every 2 years. The commissioner of agriculture is secretary to the board.

The board establishes minimum prices paid to dairy farmers for fluid-grade (grade A) milk based on evidence from public hearings. In making its decisions, the board considers the available supply of dairy products; the normal requirements for dairy products; the costs of producing, processing and handling dairy products; the purchasing power of consumers; prices paid by dairy farmers for commodities and services; and the prices of commodities that are used as substitutes for dairy products.

The board also establishes minimum wholesale prices to be paid by retailers for fluid milk products, cottage cheese, and ice cream on the basis of cost evidence from public hearings. In making these decisions, the board considers such factors as costs of processing and distribution, including return to management; general economic conditions, including labor and cost-of-living levels; competition from other adjacent areas; and the consumer income level.

Regulation of Trade Practices

The act also authorizes the State board of agriculture to regulate trade practices within the marketing area. The purpose of the fair trade provisions of the act is to help preserve competition among dairy firms within the area by requiring and prohibiting various practices. Competitive trade practices prohibited by the board include loans; secret rebates or discounts; free equipment, fixtures, signs, leases, advertising, or products; and product sales below cost by any processor or distributor.

Puerto Rico

Milk Price Control

The Puerto Rico Milk Control Act of 1957, as amended, provides for the regulation of the Puerto Rico milk industry. The objectives of the act are to insure an adequate supply of wholesome fluid milk, to provide an adequate income to dairy farmers and a reasonable return on investment to processors, to maintain orderly marketing conditions, to preserve competition through prevention of predatory trade practices; and to price milk and milk products at a fair and reasonable level to consumers.

The Milk Industry Regulation Office of the Puerto Rico Department of Agriculture administers the act with the advice of an advisory board, which is composed of one dairy farmer, one processor, and three public members. Board members are appointed by the Secretary of Agriculture of Puerto Rico with no time limit for their tenure.

The office establishes minimum prices paid

to farmers for marketed fluid grade A milk, and maximum prices for milk sold at wholesale and retail levels. Prices are determined on the basis of evidence obtained during public hearings conducted by the office. Factors considered in establishing prices include costs of production, processing, and distribution; consumer income; and general economic conditions. Under the authority of the act, the office conducts periodic audits of processors, distributors, wholesalers, and retailers to ensure compliance.

Regulation of Trade Practices

Under the authority of the act, the milk industry regulation office also prohibits anticompetitive trade practices. Prohibited practices include loans, secret rebates or discounts, free equipment, and below-cost sales of milk.

Milk Promotion

All promotion for milk in Puerto Rico is financed by the Milk Industry Development Fund, which also was created by the Puerto Rico Milk Control Act of 1957. The fund is administered by an administrative board composed of four dairymen and four processors appointed by the secretary of agriculture and the administrator of the milk industry regulation office. Producers and processors each contribute 0.25 cent per quart to the fund for all milk that is received by processors and sold as fluid milk in the market.

STATE MILK CONTROL AGENCIES[7]

Alabama

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California

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Hawaii

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Louisiana

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Louisiana Department of Agriculture
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Maine

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Executive Secretary
Maine Milk Commission
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Massachusetts

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Milk Control Commission
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Helena, Montana 59601

Nevada

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State Dairy Commission of the State of Nevada
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New York

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[7] States not listed do not have milk price control agencies.

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Executive Secretary
North Dakota Milk Stabilization Board
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Bismarck, North Dakota 58501

Oregon

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South Dakota

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Vermont

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